



ANNUAL REPORT

ESDS SOFTWARE SOLUTION LIMITED

CIN:U72200MH2005PLC155433

FINANCIAL YEAR
2023-2024

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Corporate Information

BOARD OF DIRECTORS

Mr. Piyush Somani

Chairman-cum-Managing Director

Ms. Komal Somani

Whole Time Director

Mr. Aipt Sharma

Nominee Director

Mr. Dhandapani T. G.

Independent Director

Ms. Pamela Kumar

Independent Director

Mr. Venkatesh Natarajan

Independent Director

Chief Financial Officer

Mr. Nadukuru Sita Ramaiah

Company Secretary

Mr. Prasad Deokar

Auditors

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

Internal Auditors

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

Bankers

Axis Bank Limited
IndusInd Bank

Debenture Trustee

Piramal Trusteeship Services Private Limited

REGISTERED OFFICE

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

CORPORATE OFFICE

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

Our Promoter

Promoter

Piyush Prakashchandra Somani is the Promoter of the Company.

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



Details of our Promoter are as follows: Piyush Prakashchandra Somani

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

Board of Directors



Mr. Piyush Somani
Chairman-cum-Managing
Director



Mrs. Komal Somani
Whole Time Director



Mr. Aipt Sharma
Nominee Director



Ms. Pamela Kumar
Independent Director



Mr. Dhandapani T.G
Independent Director



Mr. Venkatesh Natarajan
Independent Director

Brief profiles of our Directors:

Piyush Prakashchandra Somani is the Promoter and Chairman-cum-Managing Director of our Company. He holds a Bachelor's Degree in Engineering (Electronics) from the University of Pune. He has over 19 years of experience in the information technology sector. As the founder of our Company at the age of 26, he has been instrumental in expanding the operations of our Company in India and several international markets. He is also on the board of our Subsidiaries, ESDS Internet Services Private Limited, SPOCHUB Solutions Private Limited, ESDS Cloud FZ LLC and ESDS Global Software Solution, Inc.

Komal Somani is the Whole Time Director on our Board, the Chief Marketing Officer and Chief Human Resource Officer of our Company. She holds a Bachelor's Degree in Engineering from the University of Pune. She has been associated with our Company since September 01, 2012. She has won several awards and recognitions such as "Most Innovative Woman of the Year – 2018" at the 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.

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

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

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

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



BOARD'S REPORT

FY 2023-24

Dear Members,
ESDS Software Solution Limited

Your directors' have pleasure in presenting the Eighteenth 18th Annual Report ("the Report" / "this Report") along with audited financial statements of your Company, for the financial year ended March 31, 2024.

1. Financial Results

The financial performance of your Company for the year ended March 31, 2024 is summarized below:

(₹ in Millions except EPS)

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Total Receipts / Gross Sales and Operating Income	2,870.05	2,058.94	2,921.36	2,122.42
Profit Before Depreciation, Tax and Exceptional Items	755.18	301.93	761.09	262.26
Depreciation and Amortisation Expenses	494.40	461.69	525.52	491.48
Profit/(Loss) Before Tax & Exceptional Items	260.78	(159.76)	235.57	(229.22)
Exceptional Items	250.04	47.78	(12.58)	(47.78)
Provision for Taxation	85.22	(57.21)	86.89	(52.39)
Profit/(Loss) after tax	164.83	(150.32)	136.10	(224.60)
Other Comprehensive Income	31.96	(0.19)	28.80	(0.19)
Total Comprehensive Income (post non-controlling interest)	196.79	(150.51)	158.37	(247.58)
Earnings per Equity Share (EPS)				
Basic (face value ₹ 1/- each)	1.77	(1.62)	1.35	(2.42)
Diluted (face value ₹ 1/- each)	1.77	(1.62)	1.35	(2.42)

* Applicable only in case of consolidated financial statements.

Performance of the Company during FY 2023-24

Projects update:

For FY-24, our existing customers like L&T, EDF, MCGM, IGR-LR, MSRDCL, Tech Mahindra have scaled up their businesses with ESDS & there has been a significant jump in the revenue recognition from these customers in FY-24. The Company has commenced operation through its 5th Data Centre at Airoli, Mumbai & started migrating clients from Mahape data Centre. We are expecting that by August 2024, all the clients would be migrated to Airoli DC. Revenue from STPI has increased **from Rs. 6.32 Crores to Rs.19.12 Crores** during FY 24 i.e., by **approx. 203 %** due to increase in consumption. During the financial year 2023-24, the Company has initiated the process for revising the terms of existing contract executed with EDF with respect to revenue increase in consumption, revenue scaled up **from Rs. 8.16 Crores to Rs. 16.04 Crores** during FY 24. Revenue from IGR-LR has also substantially increased **from Rs. 9.57 Crores to Rs.13.96 Crores** in FY 24. MPPKVCL Project has started generating full-fledged revenue in FY 24 and which will continue in coming Financial Years, which is **Rs. 4.00 Crores**

Our newly commenced **Mohali Data Centre** has bagged **an order (TCV) worth Rs. 24.09 Crores** in FY 24 within a very short time span. The optimum revenue from this Data Centre will be recognised in FY 24 and in subsequent years also. The Company received new orders from IGR-LR (TCV) worth to **Rs. 20.47 Crores**, Energy Efficiency Services Ltd (TCV) worth of **Rs. 18.52 Crores**, MCGM (TCV) worth **Rs. 16.93 Crores**, Maharashtra State Co-operative ("MSC") Bank (TCV) worth **Rs. 18.80 Crores** and Netlink Software (TCV) Worth **Rs. 7.21 Crores**. The Company also received a Project worth **Rs.6.64 Crores** from Accenture Solutions, where IT Hosting infrastructure will be provided by the Company through which the Company will be managing and monitoring of the trains between Meerut and Delhi. The revenue from this project will be recognised in FY 25 and in subsequent years. Centre of E-Governance (CEG), Karnataka, Ministry of External Affairs (MEA), School Education and Sport Projects were also bagged in FY 24 and the revenue will be recognised in FY 25. The Company has received an extension of Contract from SJVN Limited amounting to **Rs.7.65 Crores** in FY 24.

The Company is in process of delivering STPI Phase III Project in FY 25 which will substantially increase revenue annually **by Rs.10.74 Crore**.

Multiple orders from Enterprise segment viz. Goldmine Advertising Limited, Bajaj Finserve Asset Management Limited, Jindal Aluminium Limited, 9X Media Private Limited, Shri Ram Finance Corporation Private Limited, Assam Power Distribution Company Limited, Dr. Annasaheb Chougule Urban Co-Op Bank Limited, etc., were also bagged last year and revenue recognition of the same has been started. The Company has received orders (total Contract value) over **Rs.175 Crores** in FY 24.

Highest Collection/Remittance: The Company has significantly achieved the highest collection from Apr-23 to Mar-24, totaling **Rs. 260.44** Crores. The collection has demonstrated a growth of around **14.40 %** compared to the previous financial year. Additionally, in Q4 of FY2023-24, attained the highest collection ever, amounting to **Rs. 81.40 Crores**

Other Key Metrics are mentioned below for FY 23-24 Vs FY 22-23.

Particulars	FY 24 (in Millions)	FY 23 (in Millions)	% Change
Revenue from Operations	281.37	201.37	39.73%
EBITDA	97.03	48.19	101.35%
PBT	25.01	(20.75)	220.51%
PAT	16.49	(15.03)	209.67%
BEBT	115.44	136.01	15.13%
DEBT/EBITDA (Ratio)	1.19	2.82	57.85%
RoE	6.46%	(6.39)%	200.99%

2. Share Capital:

As at 31st March 2024, 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, 2024, the Company's paid-up Equity Share Capital stood at ₹ 9,28,94,185/- (Rupees Nine Crore Twenty-Eight Lakh Ninety-Four Thousand One Hundred and Eight Five only), consisting of 9,28,94,185 fully paid-up equity shares of ₹ 1/- each.

3. Other / Debt Securities:

The Company had allotted 750 unlisted, secured, 10%, Non-Convertible Debentures ("NCDs") of Rs.10 Lakhs each amounting to Rs.75 Crore for the tenure of 7 years during FY 2022-23. The Debentures were allotted to Piramal Structured Credit Opportunities Fund managed by Piramal Asset Management Private Limited, on private placement basis. The Company had timely paid the interest on the NCDs during the year under review and there was no principal amount or interest payment on NCDs due as on March 31, 2024.

The details of the Debenture Trustee are given below:

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

4. Dividend:

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

5. General Reserve:

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

6. Committees:

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

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

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

7. Policies / Codes of the Company:

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

8. Subsidiaries:

The Company has 4 (four) subsidiaries (2 Indian and 2 Foreign) as on 31st March, 2024.

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

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

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

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

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

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

10. Directors and Key Managerial Personnel:

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

As on 31st March, 2024, the Board of Directors of your Company comprised of 2 (two) Executive Director and 4 (four) Non-Executive Directors out which 3 (three) Non-executive Directors are Independent Directors. The details of Board and Committees composition, tenure of Directors, areas of expertise and other details are available in the Corporate Governance Report, which forms part of this Annual Report.

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

- a) Mr. Venkatesh Natarajan was appointed as Additional Director, Non-executive Director (Independent) on 01st July 2023. His appointment was confirmed by the shareholders of the Company on 30th September 2024.

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 19th 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, the independent directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence; and all the Independent Directors have registered themselves pursuant to the Ministry of Corporate Affairs notification dated 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, 2024 are Mr. Piyush Somani—Managing Director; Ms. Komal Somani, Whole-time Director, Mr. Nadukuru Sita Ramaiah, Chief Financial Officer and Mr. Prasad Deokar, Company Secretary.

Post 31st March 2024 till the date of this report, there were no changes in the management.

11. Number of Meetings of The Board

The Board met 6 (Six) times during the year under review. The details of board meetings and the attendance of the Directors is provided in the Corporate Governance Report, which forms part of this Annual Report.

12. Directors' Responsibility Statement

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

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

13. Familiarisation Programme for Independent Directors:

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

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

14. Auditors and Auditors' Reports:

a) Statutory Auditors

The Shareholders of the Company, pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, have appointed M/s. Shah Khandelwal Jain & Associate, Chartered Accountants, Pune, (Firm Registration

No.142740W), as the Statutory Auditors to hold office from Fifteenth (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 2023-24 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. Milind Gujar & Associates, Practising Company Secretaries, Nashik, 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 FY2023-24.

d) Internal auditors:

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

15. Deposits from public:

During the financial year 2023-24, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

16. Particulars of Loans, Investments, Guarantees:

The Company has complied with the provisions of Section 185 & 186 of the Act with respect to granting loans, making investments and providing guarantees & securities to its subsidiaries. Details of the same are referred in the standalone financial statements as on March 31, 2024.

17. Related Party Transactions:

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

The policy on Related Party Transactions is available in Company's website, www.esds.co.in.

During the financial year 2023-24, 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 2023-24, there were no materially significant Related Party Transactions entered by the Company with Promoters, Directors, Key Managerial Personnel, which may have a potential conflict with the interest of the Company.

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

18. Annual Return:

Pursuant to the requirement under Section 92(3) of the Companies Act, 2013, copy of the annual return can be accessed on our website at <https://www.esds.co.in/investors/pdf/Annual-Report-2023.html#book/>

19. Internal Financial Control and Its Adequacy:

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

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

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

20. Whistle Blower Policy:

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

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

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

21. Risk Management Policy:

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

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

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

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

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2023-24:

No. of complaints at the beginning of the year 2023-24	: NIL
No. of complaints received during the year 2023-24	: NIL
No. of complaints disposed off during the year 2023-24	: NIL
No. of complaints at the end of the year 2023-24	: NIL

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

23. Corporate Governance:

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

24. Corporate Social Responsibility:

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

The Company was required to spend Rs.1.80 Lakhs on CSR activities for FY 2023-24. The Company had spent over and above the required amount during FY 2023-24.

The CSR activities for the financial year ended March 31, 2024 along with the composition of CSR Committee is set out in **Annexure II** to the Board's Report.

ESDS's Corporate Social Responsibility (CSR):

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

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

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

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

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

Conservation of Energy:

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

		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.
(iii)	The capital investment on energy conservation equipment	Nil

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

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

Foreign exchange earnings and outgo:

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

26. Particulars of Employees:

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

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

Employee Stock Option Scheme – ESDS ESOP 2021:

The Company instituted the ESDS ESOS 2021 pursuant to resolutions passed by the Board and the Shareholders, each dated 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 22,00,000 ("Total Pool"). Under the said Scheme ESDS Employees Benefit Trust (ESOP Trust) was set up for the benefit of eligible employees identified as per the ESDS ESOP 2021. As committed, Mrs. Sarla Somani, member of the Promoter Group contributed 22,00,000 Equity Shares of Rs.1/- each to ESOP Trust. Thereafter, 1,82,094 equity shares of Rs.1/- each were allotted to the ESOP Trust on Right Basis on 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, 2021, 20,45,000 options were granted out of the total pool to certain employees of the Company, including certain Key Managerial Personnel, under ESDS ESOS 2021 at an option price of Rs.65/- per option to 121 eligible employees. The options granted had a vesting period of 1 year as per the provisions of SEBI SBEB Regulations. According, 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 2023 are as follows:

- a) Options granted: 20,45,000
- b) Options vested during the year: Nil
- c) Options exercised during the year: Nil
- d) The total number of shares arising as a result of exercise of option during the year: Nil
- e) Options lapsed during the year: 98,000
- f) The exercise price (as on the date of grant of options): Rs.65/- per option.

- g) Variation of terms of options: NIL
- h) Money realized by exercise of options during the year: Nil
- i) Total number of options in force as on March 31, 2024: 11,49,300

27. Insurance:

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

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

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

29. Statement on Material Changes & Commitments:

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

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

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

31. Compliance With Secretarial Standards

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

32. ACKNOWLEDGMENTS:

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

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

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

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

Sd/-

(Piyush S. Somani)

Chairman and Managing Director

DIN: 02357582

Place: Nashik

Date: September 06, 2024



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.

enabling futurability..

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

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

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

B. BOARD OF DIRECTORS

(i) Board Membership Criteria

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

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

(ii) Composition of the Board

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

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

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

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

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, 2024 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
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
T.G. Dhandapani (DIN: 09239677)	Non-Executive and Independent	None	0	0	0
Venkatesh Natarajan (DIN: 07471917)	Non-Executive and Independent	None	0	0	0

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

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

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

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

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

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

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

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

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

Sr. No.	Skill / expertise / competence	Name of the Director possessing such skill/expertise
1	<p>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>	Piyush Somani; T.G. Dhandapani; Pamela Kumar; Venkatesh Natarajan
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>	Komal Somani; Alipt Sharma; T.G. Dhandapani; Pamela Kumar Venkatesh Natarajan
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>	Alipt Sharma; T.G. Dhandapani; Pamela Kumar;

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; Venkatesh Natarajan</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; Venkatesh Natarajan</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; Venkatesh Natarajan</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; Venkatesh Natarajan</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; Venkatesh Natarajan</p>

(iii) Board Meetings / General Meeting

During the financial year 2023-24, the Board of Directors of your Company met Six (6) 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	30.06.2023
2	27.07.2023
3	05.09.2023
4	08.11.2023
5	02.01.2024
6	15.03.2024

During the financial year 2023-24, no Extra-ordinary General Meetings (“EOGM”) were held.

During the year under review, the Annual General Meeting of the Financial Year ended on March 31, 2023 was held on 30th September, 2023.

Details regarding the attendance of the Directors at the Board Meetings and the Annual General Meeting held during the financial year 2023-24 are presented in the following table:

Name of the Director	No. of Meetings held	No. of Board Meetings Attended	Whether AGM 2023 Attended (Yes/No/N.A.)
Piyush Somani	6	6	Y
Komal Somani	6	6	Y
Alipt Sharma	6	6	N
T.G. Dhandapani	6	6	N
Venkatesh Natarajan ⁽¹⁾	5	5	N
Pamela Kumar	6	6	N

(1) Mr. Venkatesh Natarajan was appointed as additional director (Independent) on 1st July 2023

(iv) Membership Term

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

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

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

Mr. T. G. Dhandapani and Ms. Pamela Kumar has been appointed for the first term of consecutive five (5) years from 28th July 2021 and Mr. Venkatesh Natarajan has been appointed for the first term of consecutive five (5) years from 01st July 2023.

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. The Stakeholders' Relationship Committee and Risk Management Committee will be effective from the listing of the Company.

Audit Committee

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

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

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

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

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

- i. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
- iii. Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
 2. Changes, if any, in accounting policies and practices and reasons for the same;
 3. Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
 4. Significant adjustments made in the financial statements arising out of audit findings;

5. Compliance with listing and other legal requirements relating to financial statements;
 6. Disclosure of any related party transactions; and
 7. Qualifications / modified opinion(s) in the draft audit report.
-
- v. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 - vi. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - viii. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
 - ix. Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
 - x. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
 - xi. Scrutiny of inter-corporate loans and investments;
 - xii. Valuation of undertakings or assets of the company, wherever it is necessary;
 - xiii. Evaluation of internal financial controls and risk management systems;
 - xiv. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - xv. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - xvi. Discussion with internal auditors of any significant findings and follow up there on;
 - xvii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - xviii. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - xix. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - xx. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
 - xxi. Reviewing the functioning of the whistle blower mechanism;
 - xxii. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or

discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

- xxiii. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws;
- xxiv. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
- xxv. Monitoring the end use of funds through public offers and related matters;
- xxvi. Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee for directors and employees to report their genuine concerns or grievances; and

- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and;
- Such roles and functions as may be prescribed under the Companies Act and SEBI Listing Regulations.

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

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

- I. Management discussion and analysis of financial condition and results of operations;
- II. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
- III. Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
- IV. Internal audit reports relating to internal control weaknesses;
- V. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- VI. Statement of deviations:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Reg. 32(1) of the SEBI Listing Regulations;

- annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Reg. 32(7) of the SEBI Listing Regulations;
- review the financial statements, in particular, the investments made by any unlisted subsidiary

The Company Secretary is the Compliance Officer.

The detailed terms of reference of Audit Committee are available on your Company's website www.esds.co.in.

During the financial year 2023-24, the members of the Audit Committee duly five (5) time on the following dates.

Sr. No.	Date of Meetings
1	30.06.2023
2	04.09.2023
3	08.11.2023
4	02.01.2024
5	15.03.2024

The following table presents the details of attendance at the Audit Committee meetings held during the financial year 2023-24.

Name of the Member	No. of meetings held	No. of Meetings Attended
Mr. T.G. Dhandapani	5	5
Ms. Pamela Kumar	5	5
Mr. Piyush Somani	1	1
Mr. Venkatesh Natarajan ⁽¹⁾	4	4

(1) Mr. Venkatesh Natarajan was appointed as additional director (Independent) on 1st July 2023

Nomination and Remuneration Committee

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

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

The Company Secretary acts as the Secretary of the Committee.

During the financial year 2023-24, four (4) meetings of the Committee were held on below dates.

Sr. No.	Date of Meetings
1	29.06.2023
2	04.09.2023
3	08.11.2023
4	15.03.2024

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

Name of the Member	No. of meetings held	No. of Meetings Attended
Dhandapani T.G.	4	4
Pamela Kumar	4	4
Alipt Sharma	4	4

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 2023.

Remuneration Policy:

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

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 2023-24

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 six (6) meetings of the Board and Rs.45,000/- (Rupees Forty Five Thousand only) for attending Committee meetings. The Company also paid Rs.1,20,000/- as sitting fees for attending Strategy Meeting.

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 2023-24 are as follows.

Name of the Non-Executive – Independent Director	Sitting Fees (Amount in Rs.)*
Mr. T. G. Dhandapani	8,40,000
Ms. Pamela Kumar	8,25,000
Mr. Venkatesh Natarajan	5,70,000

* Subject to TDS

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

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

Remuneration paid to Executive Directors:

The remuneration of Executive Director/s is decided by the Board of Directors as per the Company's remuneration policy laid down by the Nomination and Remuneration Committee and within the overall ceiling approved by shareholders. This is to mention that the Shareholders had approved revised remuneration payable to Executive Directors at the Annual General Meeting held on 30th September, 2023.

Rs. (in Crores)

Name of Executive Director	Salary & Perks	Commission	Total
Mr. Piyush Somani	1.09	00.00	1.09
Ms. Komal Somani	0.54	00.00	0.54

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 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 2023 is as follows.

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

The Company Secretary acts as the Secretary of the Committee.

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

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

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

The terms of reference of the Risk Management Committee were approved on 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, 2023:

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

One meeting of the CSR Committee was held during the year under review, on 29th June, 2023. 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 20th March, 2024. 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.

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, 2024 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.

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.
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	Monday, 30 th September, 2024 at 11.00 a.m.
2. Financial Year	Financial Year is April 1 to March 31 of the following year
3. Dates of Book Closure	N.A.
4. Record date for Interim / Final Dividend declared in FY 2022-23	N.A.
5. Interim / Final Dividend	N.A.
6. Interim / Final Dividend Payment Date	N.A.
7. Listing on Stock Exchanges & Payment of Listing Fees	N.A.
8. Stock Code	BSE: 59403662; NSE: ESDS EQ; ISIN: INEODRI01029
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	9,28,94,185 Equity shares are held in the electronic mode as on 31 st March 2023.
12. Electronic Clearing Service (ECS)	SEBI, through its Circular No., CIR/MRD/DP/10/2013, dated March 21, 2013, has mandated the Companies to use Reserve Bank of India (RBI) approved electronic payment modes, such as ECS, NEFT, NACH and others to pay members in cash. Members are requested to update their Bank Accounts details with their respective depository participants (for shares held in the electronic form) or write to the Company's Registrars and Transfer

	Agents, M/s Link Intime India Private Limited (for shares held in the physical form). Members are encouraged to utilize ECS for receiving dividends.
13. Investor Complaints to be addressed to	Registrars and Transfer Agents or Prasad Deokar, Company Secretary, at the addresses mentioned earlier
14. Outstanding GDRs/ ADRs/ Warrants or any Convertible 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 2023-24

The total fees paid for all services rendered by the statutory auditor viz. Shah Khandelwal Jain & CO., Chartered Accountants, for the Company is Rs.24.20 lakhs (exclusive of taxes).

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

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

Disclosure on Website

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

Details of Business

1. Composition of various committees of Board of Directors;
 - a) Audit Committee
 - b) Nomination and Remuneration Committee
 - c) Stakeholders Relationship Committee
 - d) CSR Committee
 - e) Risk Management Committee

2. Policies / Codes;
 - a) Policy on Determination of Materiality of Events/ information
 - b) Policy on Diversity of Board of Directors
 - c) Policy for Risk Management Committee
 - d) Corporate Social Responsibility Policy
 - e) Vigil Mechanism – Whistle Blower Policy
 - f) Remuneration Policy

- g) Related Party Transactions Policy
 - h) Dividend Distribution Policy
 - i) Code of conduct for Prohibition of Insider Trading
 - j) Code of practices and procedures for fair disclosure of UPSI
 - k) Familiarization Programme for Independent Directors
3. Financial Information;
- a) Financial results/statements
 - b) Annual Reports of the Company

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

SD/-

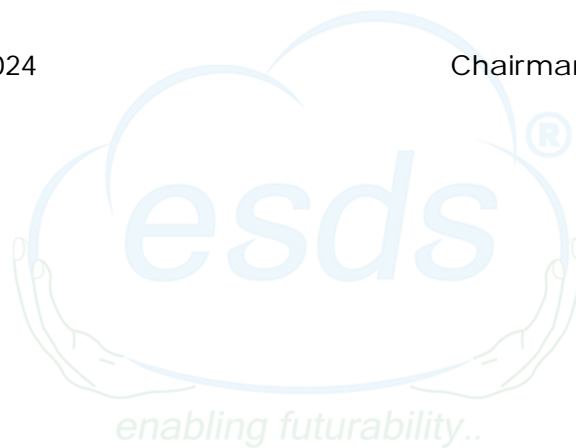
Place: Nashik

Date: September 08, 2024

(Piyush Somani)

Chairman and Managing Director

DIN : 02357582



Annexure I

AOC-1

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

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES
(MARCH 31, 2024)**

Amounts in Million													
Sr. No.	Name of Subsidiary	Reporting Currency	Share Capital	Reserve S & Surplus	Total Assets (excl Inves)	Total Liabilities (excl Share)	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% Shareholding
1	ESDS Internet Services	INR	0.18	(9.09)	446.84	455.75	-	41.33	0.04	0.01	0.03	-	50.00
2	Spochub Solutions Private	INR	0.20	(0.03)	0.02	0.04	-	-	(0.03)	-	(0.03)	-	100.00
3	ESDS Global Software	USD	0.08	(10.88)	2.12	13.83	-	0.00	0.00	-	0.00	-	100.00
4	ESDS Cloud FZ LLC	AED	0.20	(228.24)	73.59	302.64	-	61.95	(69.52)	-	(69.52)	-	100.00

Annexure II
Annual Report on Corporate Social Responsibility

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline of the Company's CSR Policy

The Board of Directors at its meeting held on 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.	Mr. Aipt Sharma	Member / Non-Executive Director	1	1
3	Ms. Pamela Kumar	Member / Independent Director	1	1

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.89.24 Lakhs.**
7. (a) Two percent of average net profit of the company as per section135(5): **Rs.1.80 Lakhs.**
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
 (c) Amount required to be set off for the financial year, if any: **Nil**
 (d) Total CSR obligation for the financial year (7a+7b-7c): **Rs.1.80 Lakhs.**
8. (a) CSR amount spent or unspent for the financial year:

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

- (b) Details of CSR amount spent against ongoing projects for the financial year: **Nil**
- (c) Details of CSR amount spent against other than ongoing projects for the 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 Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1	Promoting health care including preventive health care	(i)	Yes	Maharashtra	Nashik	3.30	Direct	Padsad Karnabadhir Vidyalaya	CSR000 23433

- (d) Amount spent in Administrative Overheads: **Nil**
(e) Amount spent on Impact Assessment, if applicable: **N.A.**
(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – **Rs.3.30 Lakhs**
(g) Excess amount for set off, if any: **Rs.1.5 Lakhs**

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under 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

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

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

- (a) Date of creation or acquisition of the capital asset(s): **Nil**
(b) Amount of CSR spent for creation or acquisition of capital asset : **Nil**

- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Nil
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Nil

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

Sd/-

(Piyush Somani)

Chairman & Managing Director and Chairman of CSR Committee

DIN: 00112324

Place: Nashik

Date: September 08, 2024



Annexure III

FORM NO. MR -3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2024

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration 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 have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to Good Corporate Practices by **ESDS SOFTWARE SOLUTION LIMITED** having **CIN:U72200MH2005PLC155433** (hereinafter called 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 Company's 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and 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 financial year ended on 31st March 2024 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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 (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the companies act and dealing with clients.
- vi) Other laws applicable to the company specifically:
 - a) Information Technology Act, 2000 and the rules made thereunder;
 - b) The Indian Copyright Act, 1957
 - c) The Patents Act, 1970
 - d) The Trade Marks Act, 1999
 - e) The Shops & Commercial Establishments Act;
 - f) The Labour Welfare Fund Act;
 - g) The Payment of Wages Act, 1936;
 - h) The Minimum Wages Act, 1948;
 - i) The Payment of Bonus Act, 1965;
 - j) The Workmen's Compensation Act, 1923;
 - k) The Employees' State Insurance Act, 1948;
 - l) The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
 - m) The Maternity Benefit Act, 1961;
 - n) The Industrial Disputes Act, 1947;
 - o) The Employment Exchanges Act;
 - p) The Contract Labour Act;
 - q) The Equal Remuneration Act, 1976
 - r) State Pollution Control Board requirements
 - s) Fire Department requirements
 - t) Electrical & DG Set Permission requirements
 - u) Compliance under all applicable ISO & other certifications

vii) I have relied on the representation made by the company and its officers for systems and mechanism formed by the company for the compliances under the applicable Acts, Laws and Regulations to the company. The list of major heads/groups of Acts, Laws and Regulations as applicable to the Company is as follows:

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

Name	Designation	Appointment/ Cessation	Date
VENKATESH NATARAJAN	Independent Director	Appointment	01/07/2023

Mr. Venkatesh Natarajan was appointed as Independent Director during the period under the review for which e-form DIR-12 was filed in due time.

- II. The Audit Committee and Nomination Remuneration Committee as per section 177 & 178 of Companies Act, 2013 are duly reconstituted during the period under the review.
- III. M/S Kirtane and Pandit, Chartered Accountants were appointed as the Internal Auditor for the Financial Year 2023-2024 by Board of Directors. The appointment was duly made as per the provisions of section 138 of the Companies Act, 2013.
- IV. Following legal proceedings were made against the company:

Matter	Legislation	Liability- Contingent or Paid
Complaint filed by Rajeev Papneja against the Company in the matter of non-receipt of shares after the split as promised by the company in 2015 and	Bombay High Court	As per the Company No Liability or there is no substantial impact on the operations of the company. (Case is still open)

shares relating to the ESOP dated 30th August 2021		
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- V. The company has complied with the implementation of POSH (Prevention of Sexual Harassment Act) related policy and committee as per requirement.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

FOR MILIND GUJAR & ASSOCIATES
Company Secretaries

Place : NASHIK
Date : 06.09.2024
UDIN : F009937F001107990
Peer review Cert.No.2982/2023

Sd-

CS MILIND J GUJAR
Company Secretary in Practice
(Membership No.: 9937)
(C. P. No.: 12295)

'Annexure A'

To,
The Members,
ESDS Software Solution Limited

Our report of even date is to be read along with this letter.

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.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the 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 process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of Laws, Rules and Regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. 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.

FOR MILIND GUJAR & ASSOCIATES
Company Secretaries

Place : NASHIK

Date : 06.09.2024

UDIN : F009937F001107990

Peer review Cert.No.2982/2023

Sd/-

CS MILIND J GUJAR

Company Secretary in Practice

(Membership No.: 9937)

(C. P. No.: 12295)

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, 2024, 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 material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters which in our professional judgement, were of the most significance in our Audit of the Separate IND AS Financial Statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter – Revenue Recognition

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

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

The Company has also assessed -

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

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

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

How our audit addressed the matter:

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

- (i) Obtaining an understanding of the systems, processes and controls implemented by management for recording and computing revenue and associated unbilled revenue, unearned and deferred revenue balances and onerous contract obligations, if any.

(ii) Evaluated the design and operating effectiveness of internal controls relating to the application of revenue accounting standard specifically, those relating to identification of the distinct performance obligations and determination of transaction price.

(iii) In respect of a sample of large and complex contracts and certain other contracts, our procedures included, among other things:

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

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

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

Information other than the Financial Statements and Auditors' Report thereon

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

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

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

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

Responsibilities of Management and those charged with governance

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (i) Identify and assess the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Separate Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the Separate Financial Statements, including the disclosures, and whether the Separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

work; and (ii) to evaluate the effect of any identified misstatements in the Separate Financial Statements.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

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

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

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

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

b) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entities including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year, therefore the provisions of the section 123 of the Act is not applicable.
- vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure 2', a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

In our opinion, the managerial remuneration for the year ended March 31, 2024 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: 06/09/2024

UDIN: 24049278BKCETF3511

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

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

We have audited the internal financial controls over financial reporting of ESDS Software Solution Limited (“the Company”) as of March 31, 2024 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, 2024, 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, 2024.

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

Sd/-

Ashish Khandelwal
Partner
Membership No. 049278
Place: Pune
Date: 06/09/2024
UDIN: 24049278BKCETF3511

ANNEXURE 2 TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2024 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 and right of use assets.

(B) The company has maintained proper records showing full particulars of intangible assets;
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified by the management at reasonable intervals. In accordance with this programme, certain property, plant and equipment and right of use assets were verified during the year 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) (i) The Company has revalued its specified class of assets i.e. Land & Building of Property, Plant & Equipment (PPE) and right of use assets during the year ending 31st March 2024.
(ii) The revaluation of Land and Building was conducted as of 12/04/2024, in accordance with the requirements of Indian Accounting Standard (IND AS) 16, "Property, Plant, and Equipment."
(iii) The aggregate change in the net carrying value of the class of property, plant, and equipment (PPE) due to this revaluation is Rs 38.97 million (Rs. 19.03 million of Land and Rs. 19.94 million of Building), which represents a significant change of 23.88% compared to the previous carrying amount.
- (e) According to the information and explanations given to us, the Company has no ongoing proceedings or any pending proceedings under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)).

- ii. (a) The company is involved in the business of rendering services. Accordingly the requirements of Para 3(ii) (a) of the order is not applicable to the company.
- (b) The company has been sanctioned working capital limits in excess of Rs 5 crores in aggregate from bank during the year based on the security of current assets of the company. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks or financial institutions and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit. In our opinion, the quarterly returns or statements filed by the Company with such banks are generally in agreement with the books of accounts of the Company.
- iii. (a) (A) According to the records of the Company, during the year the Company has granted a loan to the subsidiary. Details of which has been provided in following table:

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/provided during the year.				
- Subsidiaries	-	-	-	-
- Joint Ventures				
- Associates				
- Others				
Balances outstanding as at balance sheet date in respect of above cases				
- Subsidiaries			2.89 Million	
- Joint Ventures				
- Associates				
- Others			0.20 Million	

- (B) According to the records of the company, the company has not made any investment in or provided any guarantee or security or granted any loans or advances in the nature of loans secured or unsecured to other than subsidiaries, joint ventures or associates.

- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.
- (c) As per the records provided by the company, there is no stipulation of schedule of repayment of principal or payment of interest. Hence, we are unable to comment on, whether the repayments or receipts are regular.
- (d) As per the records provided by the company, there is no stipulation of schedule of repayment of principal or payment of interest. Hence, we are unable to comment on the fact that whether any amount is overdue for more than ninety days.
- (e) In our opinion and according to information and explanation given to us, no amount of loans and advances which had fallen due during the year, has been renewed or extended or fresh loan granted to settle existing loans given to the same parties.
- (f) The aggregate amount of loans and advances granted in the nature of loans and advances to promoters or related parties which are either repayable on demand or without specifying any terms or period of repayment is as follows-

	All Parties	Promoters	Related Parties
Aggregate amount of loans/advances in the nature of loans			
- Repayable on demand (A)			
- Agreement does not specify any terms or period of repayment (B)	2.89 Million	-	2.89 Million
Total (A+B)	2.89 Million	-	2.89 Million
Percentage of loans/ advances in nature loans to the total loans			100%

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder as on 31st March, 2024 and the Company has not accepted any deposits during the year.
- vi. In our opinion and according to the information and explanation given to us, the requirement of sub-section 1 of section 148 of The Companies Act is not applicable to the company and accordingly para 3(vi) of the order is not applicable.
- vii. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' state insurance, Income Tax, and any other material statutory dues to the extent applicable with appropriate authorities.

As per the explanations and data provided to us by the Management, there are no Undisputed Statutory Dues including Income Tax, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

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

Name of the statute	Amount (in Millions)	Period to which amount relates	Forum where dispute is pending	Remarks (if any)
Goods and Service Tax	32.76	FY 2018-19	Deputy Commissioner of state tax	
Goods and Service Tax	2.26	FY 2017-18	Deputy Commissioner of state tax	
Goods and Service Tax	11.56	FY 2018-19	Deputy Commissioner of state tax	
Goods and Service Tax	18.61	FY 2019-20	Deputy Commissioner of state tax	
Goods and Service Tax	1.80	FY 2020-21	Deputy Commissioner of state tax	
Goods and Service Tax	2.59	FY 2020-21	Deputy Commissioner of state tax	
Goods and Service Tax	31.89	FY 2019-20	Deputy Commissioner of state tax	

viii. According to the records of the Company and as per information & explanation given, there were no transaction relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act 1961 (43 of 1961) during the year.

ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the company is not declared as the willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us and based on our examination of the records of the Company, funds raised on short term basis have not been utilized for long term purposes.

(e) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- x. (a) Based upon the audit procedures performed and the information and explanations given by the management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, Para 3(x) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices and standards in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees during the course of our audit.

(b) No report under sub section (12) of section 143 of the Companies Act has been filed by us in Form ADT 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report;

(c) The Company has not received any whistle blower complaints during the year.
- xii. The Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, transactions with the related parties are in compliance with provisions of section 177 and section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the company, for the period under audit.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its directors or persons connected to its directors. Hence provisions of Section 192 of the Companies Act 2013, are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of clause 3 (xvi) (a to d) of the Order are not applicable to the Company.
- xvii. According to the records of the Company, the Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the Statutory Auditors during the year and accordingly, the provisions of clause 3 (xviii) of the Order are not applicable to the Company.
- xix. On the basis of the financial ratios read with Note 43, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the

audit report that the Company is not capable of meeting its liabilities existing at the balance sheet date as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the date of balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the records of the Company, the company has no unspent amount in respect of Corporate Social Responsibility as specified under section 135 of the Act. Hence we are not commenting on para 3(xx) (a) and (b) of the order.

For Shah Khandelwal Jain & Associates

Chartered Accountants

Firm Registration No.:142740W

Sd/-

Ashish Khandelwal

Partner

Membership No.: 049278

Place: Pune

Date: 06/09/2024

UDIN: 24049278BKCETF3511

ESDS Software Solution Limited
Separate Financial Statements
Balance Sheet as at March 31,2024
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Notes	March 31,2024	March 31,2023
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	2,180.36	1,967.26
Right -of- use- of- assets	4	994.73	830.41
Intangible assets	6	33.20	64.14
Financial Assets			
Investments	7	0.56	0.56
Non- current financial assets	8.a	97.19	270.42
Deferred tax Assets (net)	23	-	8.88
Other non-current assets	9	24.81	-
Total non-current assets		3,330.86	3,141.67
II. Current assets			
Current financial assets			
Trade receivables			
Billed	10a	685.45	565.17
Unbilled	10b	504.53	310.12
Cash and cash equivalents	11	12.74	157.72
Other bank balances	12	-	30.00
Other current financial assets	8.b	576.55	334.62
Income-tax assets	13	140.39	230.55
Other current assets	14	178.85	182.62
Total current assets		2,098.51	1,810.79
Total assets		5,429.38	4,952.45
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	92.89	92.89
Other equity			
Reserves and surplus	16	2,343.27	2,184.33
Other reserves	16	116.95	73.93
Total equity		2,553.12	2,351.15
LIABILITIES			
I. Non-current liabilities			
Non-current financial liabilities			
Non-current borrowings	17.a	731.38	929.80
Lease liabilities	4	933.12	558.70
Employee benefit obligations	19	120.19	91.05
Deferred tax Liability (net)	23	65.36	-
Total non-current liabilities		1,850.05	1,579.55
II. Current liabilities			
Current financial liabilities			
Current borrowings	17.b	423.02	430.33
Lease liabilities	4	164.49	145.20
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	20	5.72	59.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	20	221.23	203.96
Other current financial liabilities	18	101.20	55.22
Employee benefit obligations	19	3.13	3.08
Other current liabilities	21	107.43	124.17
Total current liabilities		1,026.22	1,021.75
Total liabilities		2,876.27	2,601.30
Total equity and liabilities		5,429.37	4,952.45

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

In terms of our report of even date

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

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

Sd/-
Ashish Khandelwal
Partner
Membership No.: 049278
Place : Pune
Date : 06/09/2024

Sd/-
Piyush Somani
Chairman and Managing Director
DIN :02357582
Place: Nashik
Date : 06/09/2024

Sd/-
Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-
Prasad Deokar
Company secretary and compliance officer
M No:A34350
Place : Nashik
Date : 06/09/2024

Sd/-
Nadukuru Sita Ramaiah
Chief Financial officer
Place : Nashik
Date : 06/09/2024

ESDS Software Solution Limited
Separate Financial Statements
Statement of Profit and Loss for the year ended March 31, 2024
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Notes	March 31,2024	March 31,2023
Revenue from operations	24	2,813.68	2,013.71
Other income	25	56.38	45.22
Total income		2,870.05	2,058.94
Expenses			
Employee benefit expense	26	841.21	739.86
Finance costs	27	271.48	225.18
Depreciation and amortisation expense	28	494.40	461.69
Other expenses	29	1,002.19	791.96
Total expenses		2,609.27	2,218.69
Profit before exceptional items		260.78	(159.76)
Exceptional Items			
Rates and Taxes	41	6.55	47.78
Penalty	42	4.18	-
Profit before tax		250.04	(207.54)
Income tax expense			
Current tax (MAT)	22	4.56	-
Less: MAT credit entitlement		-	-
Prior year taxes		4.35	-
Deferred tax	22	76.31	(57.21)
Total tax expense		85.22	(57.21)
Profit for the period [A]		164.83	(150.32)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation surplus on Land and Building		38.97	-
Changes in the fair value of equity instruments at FVOCI		-	-
Remeasurement of post-employment benefit obligations		(9.71)	(0.26)
Income tax relating to these items		2.70	0.07
		31.96	(0.19)
Total other comprehensive income for the period, net of tax [B]		31.96	(0.19)
Total comprehensive income for the period [A+B]		196.79	(150.51)
Earnings per share	30		
Basic (Face value of equity shares : 1 per share)		1.77	(1.62)
Diluted		1.77	(1.62)

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

For Shah Khandelwal Jain & Associates

ICAI Firm Registration Number: 142740W

Chartered Accountants

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 : 06/09/2024

Sd/-

Piyush Somani

Chairman and Managing Director

DIN :02357582

Place: Nashik

Date : 06/09/2024

Sd/-

Komal Somani

Whole Time Director

DIN: 08477154

Place: Nashik

Date : 06/09/2024

Sd/-

Prasad Deokar

Company secretary and compliance officer

M No:A34350

Place : Nashik

Date : 06/09/2024

Sd/-

Nadukuru Sita Ramaiah

Chief Financial officer

Place : Nashik

Date : 06/09/2024

ESDS Software Solution Limited
Separate Financial Statements
Statement of Changes in Equity for the year ended March 31, 2024
(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 31,2022		91.57
Change in equity share capital (refer note no 15)		1.32
As at March 31,2023	15	92.89
Change in equity share capital (refer note no 15)		-
As at March 31,2024		92.89

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and surplus				Other equity		Total other equity
		Securities premium account	Capital redemption reserve	Debenture Redemption Reserve	Retained earnings	Revaluation reserve	Share based payment reserve	
As at March 31,2022	-	1,414.48	3.58	30.00	596.04	64.16	5.45	2,113.71
Profit for the year	-	-	-	-	(150.32)	-	-	(150.32)
Other comprehensive Income	-	-	-	-	(0.19)	-	-	(0.19)
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings	-	-	-	-	1.12	(1.12)	-	-
Employee compensation expense for the period	-	-	-	-	-	-	5.44	5.44
Securities Premium on account issue of equity shares	-	289.63	-	-	-	-	-	289.63
Transferred to Retained Earnings	-	-	-	45.00	(45.00)	-	-	-
As at March 31,2023	-	1,704.10	3.58	75.00	401.65	63.04	10.89	2,258.26
Profit for the year	-	-	-	-	164.83	-	-	164.83
Other comprehensive Income	-	-	-	-	(7.01)	-	-	(7.01)
Revaluation of land and building	-	-	-	-	-	38.97	-	-
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	-	-	-	-	-	-	5.18	5.18
Securities Premium on account issue of equity shares	-	-	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-	-	-
As at March 31,2024	-	1,704.10	3.58	75.00	560.59	100.89	16.07	2,460.23

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

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

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

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

Sd/- Sd/- Sd/- Sd/-
Piyush Somani Komal Somani Prasad Deokar Nadukuru Sita Ramaiah
Chairman and Whole Time Director Company secretary Chief Financial officer
Managing Director and compliance officer
DIN :02357582 DIN: 08477154 M No:A34350
Place: Nashik Place: Nashik Place : Nashik Place : Nashik
Date : 06/09/2024 Date : 06/09/2024 Date : 06/09/2024 Date : 06/09/2024

ESDS Software Solution Limited
Separate Financial Statements
Statement of Cashflows for the year ended March 31,2024
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
A) Cash flows from operating activities		
Profit before tax	250.04	(207.54)
Adjustments for		
Depreciation and amortisation expense	494.40	461.69
(Gain)/loss on sale of property, plant and equipment	(0.09)	0.03
Expected credit loss allowance	55.29	43.65
Balances written off	32.23	-
Interest income classified as investing cash flow	(34.52)	(15.26)
Finance costs	271.48	225.18
Unrealised exchange (gain)/loss	0.87	1.53
Employee stock option expenses	5.18	5.44
Operating profit before working capital changes	1,074.86	514.72
Changes in working capital		
(Increase) / decrease in trade receivables	(403.08)	54.41
(Increase)/ decrease in current and non current financial assets	35.31	18.33
(Increase) / decrease in other current and non current assets	2.55	57.01
Increase / (decrease) in trade payables	(36.79)	(2.33)
(Increase)/ decrease in other financial liabilities	59.81	(55.96)
Increase / (decrease) in employee benefit obligations	19.48	6.82
Increase/ (decrease) in other current and non current liabilities	(16.75)	28.41
Cash generated from operations	735.41	621.42
Income taxes paid (net of refunds received)	58.06	(76.26)
Net cash inflow/ (outflow) from operating activities	793.46	545.16
B) Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(230.45)	(352.97)
Proceeds from sale of property, plant and equipment and intangible assets	0.30	-
Bank balances not considered as cash and cash equivalents	(74.02)	(193.88)
Interest / Income on investment received	34.52	15.26
Net cash flows from investing activities	(269.65)	(531.58)
C) Cash flows from financing activities		
Proceeds/(Repayment) from issue of Non-convertible debentures	-	450.00
Increase/(Decrease) in non-current borrowings	(198.42)	(176.33)
Increase/(Decrease) in current borrowings	(7.32)	(18.97)
Principal elements of lease payments	(277.71)	(281.48)
Interest paid	(185.35)	(160.35)
Proceeds from issue of equity share capital (including securities premium and net of refund of sahare application money)	-	(9.05)
Net cash inflows/ (outflow) from financing activities	(668.79)	(196.18)
Net increase / (decrease) in cash and cash equivalents	(144.98)	(182.60)
Cash and cash equivalents at the beginning of the year	157.72	340.32
Cash and cash equivalents at the end of the year	12.74	157.72
Reconciliation of cash and cash equivalents as per the cash flow statement:		
	March 31,2024	March 31,2023
Cash and cash equivalents (Note 11)	12.74	157.72
Balances as per statement of cash flows	12.74	157.72

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 : 06/09/2024

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 : 06/09/2024

Sd/-
Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-
Prasad Deokar
Company secretary and compliance officer
M No:A34350
Place : Nashik
Date : 06/09/2024

Sd/-
Nadukuru Sita Ramaiah
Chief Financial officer
Place : Nashik
Date : 06/09/2024

ESDS Software Solution Limited
Notes Forming Part of Separate Financial Statements for the year ended March 31,2024
(All amounts are in Rupees millions, unless otherwise stated)

3 Property, plant and equipment

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

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, 2023	65.67	53.19	110.64	2,218.73	420.46	70.15	33.99	2,972.83
Additions during the year	-	-	-	196.81	4.79	3.05	11.97	216.62
Reclassified from ROU	-	-	-	287.06	-	-	-	287.06
Revaluation of assets	20.04	-	21.88	-	-	-	-	41.91
Disposals during the year	-	-	-	-	-	-	(0.74)	(0.74)
Gross carrying amount as on March 31, 2024	85.70	53.19	132.52	2,702.60	425.25	73.21	45.23	3,517.69
Accumulated depreciation till April 1,2023	2.57	3.72	7.66	743.09	205.24	26.61	16.67	1,005.57
Charge for the year	0.73	0.93	2.14	256.64	57.04	7.35	4.51	329.34
Revaluation of assets	1.01	-	1.94	-	-	-	-	2.94
Accumulated depreciation on disposals during the year	-	-	-	-	-	-	(0.53)	(0.53)
Closing accumulated depreciation as at March 31, 2024	4.30	4.65	11.74	999.73	262.29	33.96	20.65	1,337.33
Net carrying amount as on March 31, 2024	81.40	48.53	120.78	1,702.87	162.96	39.24	24.58	2,180.36

Additional Disclosures:

- The Company has elected to apply the revaluation model to its specified class of assets i.e. Land and Building of Property, Plant, and Equipment (PPE) as permitted by Ind AS 16 - Property, Plant and Equipment. Under this model, certain classes of PPE are carried at revalued amounts, reflecting fair values determined by market-based evidence at the date of revaluation.
- The revaluation of Land and Building was conducted as of 12/04/2024, in accordance with the requirements of Indian Accounting Standard (IND AS) 16, "Property, Plant, and Equipment.
- The revaluation was conducted by "Sunil Bhor and Associates" Govt. Registered Valuer, a reputable and independent valuation firm, appointed based on their expertise and in compliance with the guidelines outlined in IND AS 16.
- In the absence of revaluation, the carrying amount of Land and Building would be Rs. 62.37 million and Rs. 100.84 million recognized at historical cost less accumulated depreciation and impairment losses.
- The revaluation surplus resulting from the revaluation of PPE has been recognized in Other Comprehensive Income. For the current period, revaluation surplus amounts to Rs. 38.96 million , reflecting the difference between the fair value and the carrying amount of the revalued assets

4 Right to use Asset

Following are the changes in the carrying value of right of use assets for the year ended March 31,2024

Particulars	Premises	Equipments	Amount
Balance as on March 2022	476.78	373.66	850.45
Addition	92.88	-	92.88
Modification/Rectification	6.37	4.50	10.87
Amortisation**	(70.84)	(52.95)	(123.79)
Balance as on March 2023	505.19	325.21	830.41
Addition	348.40	237.10	585.50
ROU transferred to PPE on buyout option*	-	(287.06)	(287.06)
Amortisation**	(72.50)	(61.61)	(134.12)
Balance as on March 31,2024	781.08	213.64	994.73

* During the year the company exercised its purchase option on a Right-of-Use (ROU) asset as per the terms outlined in the relevant lease agreements. This exercise of the purchase option resulted in a reclassification of the ROU asset to Property, Plant, and Equipment, in accordance with Indian accounting standards 16 & 116. The carrying amount of the ROU asset transferred to Property, Plant, and Equipment as on the date of exercise of purchase option in the relevant lease agreements is Rs. 287.06 million.

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

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

Lease liabilities

Particulars	March 31,2024	March 31,2023
Non-current	933.12	558.70
Current	164.49	145.20
Total	1,097.61	703.90

The following is the movement in lease liabilities during the year ended March 31, 2024

Particulars	March 31,2024	March 31,2023
Balance as at beginning of the reporting period	703.90	813.31
Additions during the year	585.28	92.88
Modification/Rectification	-	10.89
Finance cost accrued during the period	86.13	68.31
Payment of lease liabilities	(277.71)	(281.48)
Balance as at end of the reporting period	1,097.61	703.90

Payment of lease liabilities

Particulars	Premises	Equipments	Total
For the period ended March 31,2024	141.27	136.43	277.71
For the period ended March 31,2023	101.09	180.39	281.48

The lessee's range of weighted average incremental borrowing rate applied to the lease liabilities was 9.50%.

The leases mainly comprises of DC premises, office premises, equipments and servers

Details Regarding contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis are as follows :

Particulars	March 31,2024	March 31,2023
Less than One year	260.59	201.77
One to Five years	1,022.98	461.53
More than Five years	167.04	292.03
Total	1,450.60	955.33

5 Capital Work in Progress

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

Particulars	Capital work-in-progress
Opening gross carrying amount as on April 1, 2023	-
Additions	-
Disposals	-
Gross carrying amount as on March 31,2024	-

Notes:

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

ESDS Software Solution Limited**Notes Forming Part of Separate Financial Statements for the year ended March 31,2024***(All amounts are in Rupees millions, unless otherwise stated)***6 Intangible assets**

Particulars	Softwares
Opening gross carrying amount as on April 1, 2022	121.00
Additions during the year	6.45
Add:Transfer from Intangible assets under development	-
Disposals during the year	-
Gross carrying amount as on March 31, 2023	127.46
Accumulated Amortisation	
Balance as at April 1, 2022	31.69
Amortisation charge for the year	31.63
Accumulated amortisation on disposals during the year	-
Closing accumulated depreciation as at March 31, 2023	63.32
Net carrying value as on March 31, 2023	64.14
Opening gross carrying amount as on April 1, 2023	127.46
Additions during the year	-
Add:Transfer from Intangible assets under development	-
Disposals during the year	-
Gross carrying amount as on March 31, 2024	127.46
Accumulated Amortisation	
Balance as at April 1, 2023	63.32
Amortisation charge for the year	30.94
Accumulated amortisation on disposals during the year	-
Closing accumulated depreciation as at March 31, 2024	94.26
Net carrying value as on March 31, 2024	33.20

7 Investments

Particulars	As at March 31,2024	As at March 31,2023
Unquoted investment in body corporate at amortised cost		
Investments in subsidiaries (refer note no 32)		
ESDS Internet Services Private Limited*		
9,000 (31 March, 2023 : 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, 2023: 1000) equity shares of \$1 each	0.07	0.07
Investment In Equity Shares of ESDS Cloud FZ LLC 10 (31st March 2023:10) equity shares of AED 1000 each	0.20	0.20
Investment In Equity Shares of Spochub Solutions Private Limited - 19,980 (31 March,2023:19,980) equity shares of Rs 10 each	0.20	0.20
Total investments	0.56	0.56

*On August 29, 2024, the company fully sold its investment in ESDS Internet Services Private Limited at the face value of the shares. As a result, ESDS Internet Services Private Limited ceased to be a subsidiary of the company on that date.

Particulars	As at March 31,2024	As at March 31,2023
8.a Non current financial assets		
* Term deposits with maturity of more than 12 months from reporting date	56.22	207.92
Other receivables (TDS reimbursements)	5.75	1.94
Security deposits	35.22	60.55
Total non-current financial assets	97.19	270.42
8.b Other current financial assets		
Security deposit	41.40	23.44
# Loan to subsidiaries [refer note no :32]	2.89	34.64
Other loans and advances	0.20	0.20
** Other receivables	25.62	25.62
* Term deposits with maturity of less than 12 months from reporting date	499.51	249.91
Accrued interest on above term deposits	6.93	0.81
Total other current financial assets	576.55	334.62

* Term deposits amounting to Rs. 56.22 millions (Rs. 207.92 millions as on 31st March, 2023) in Non current financial assets out of which Rs. 49.79 millions (Rs. 202.45 millions as on 31st March, 2023) and Rs. 499.51 millions (Rs. 249.91 million as on 31st March, 2023) in Other current financial assets out of which Rs. 472.86 millions (Rs. 237.56 million as on 31st March, 2023) have been liened against Bank guarantee and loans taken from bank.

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

During the year, a portion of the loan provided to one of our subsidiary was written off amounting to Rs. 31.75 millions due to impairment, resulting in an expense recognized in the financial statements.

** The Company has incurred share issue expenses of INR 74.39 million as at Decemeber 03, 2022 (DRHP Expiry date) 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 period, the selling shareholders had agreed that the expenses incurred by the Company till date (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) amounting to Rs.25.62 millions, 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. In the event that the offer is postponed or withdrawn or abandoned for any reason or in the event the Offer is not successfully completed, all the expenses in relation to the Offer shall be borne by company and selling shareholders in accordance to the proportionate basis as above. The proposed public offer of equity shares is not successfully completed and hence the company share of expenses have been written off to the profit and loss account and receivable from selling shareholders

ESDS Software Solution Limited
Notes Forming Part of Separate Financial Statements for the year ended March 31,2024
(All amounts are in Rupees millions, unless otherwise stated)

9 Other non-current assets

Particulars	As at March 31,2024	As at March 31,2023
Capital advances	24.81	-
Total other non-current assets	24.81	-

10a Trade receivables

Particulars	As at March 31,2024	As at March 31,2023
Trade receivables from others	913.48	730.49
Less: loss allowance	(212.38)	(149.67)
Less: credit impaired	(15.65)	(15.65)
Total trade receivables	685.45	565.17
Break-up of security details		
Trade receivables (unsecured)		
Considered good	897.83	714.84
Significant increase in credit risk	15.65	15.65
Less: expected credit loss allowance	(212.38)	(149.67)
Less: credit impaired	(15.65)	(15.65)
Total trade receivables	685.45	565.17

*For ageing schedule refer note no: 42

10b Unbilled Receivable

Particulars	As at March 31,2024	As at March 31,2023
Unbilled Revenue	504.53	310.12
Total Unbilled Revenue	504.53	310.12

11 Cash and cash equivalents

Particulars	As at March 31,2024	As at March 31,2023
Balances with banks	12.74	87.62
Term deposits with maturity with less than 3 months	-	100.09
Less: Lien marked Term deposits with maturity less than 3 months	-	(30.00)
Total cash and cash equivalents	12.74	157.72

12 Other bank balances

Particulars	As at March 31,2024	As at March 31,2023
Earmarked balances with bank*		
Lien marked Term deposits with maturity less than 3 months	-	30.00
Total other bank balances	-	30.00

*** Earmarked balances with bank**

- Term deposits having original maturity of less than 3 months amounting to Rs. 100.09 millions out of which Rs. 30.00 millions have been liened against loans taken from bank as at 31st March, 2023. These Fixed deposits are not readily convertible into cash hence classified under other bank balances instead of cash and cash equivalents.

13 Income - tax assets

Particulars	As at March 31,2024	As at March 31,2023
Advance tax and tax deducted at source (net of provision)	140.39	230.55
Total income - tax assets	140.39	230.55

Movement in income-tax assets

13.a

Particulars	As at March 31,2024	As at March 31,2023
Opening balance	230.55	154.29
Tax charge during the year	(4.56)	-
Tax charge in respect to earlier years	(4.35)	-
Demand adjustment against refund	(23.60)	-
Refund of taxes	(223.96)	(62.89)
Payment of advance tax/ tax deducted at source during the year	166.30	139.15
Closing balance	140.39	230.55

14 Other current assets

Particulars	As at March 31,2024	As at March 31,2023
Prepayments	118.20	134.10
Advances to creditors	8.81	4.82
Advances to employees	1.20	1.11
Balances with statutory / government authorities	50.64	9.36
Prepaid Contract fulfillment costs	-	33.23
Total other current assets	178.85	182.62

15 Equity share capital

Particulars	As at March 31,2024	As at March 31,2023
Authorised share capital:		
11,50,00,000 (2023 : 11,50,00,000) equity shares of Rs 1 each	115.00	115.00
31,50,000 (2023: 31,50,000) 0.01% compulsory convertible preference shares of Rs 100 each	315.00	315.00
2,00,000 (2023:2,00,000) 16% compulsory convertible preference shares of Rs 100 each	20.00	20.00
10,00,000 (2023: 10,00,000) 0.01% compulsory convertible preference shares of Rs 10 each	10.00	10.00
Total	460.00	460.00
Issued, subscribed and paid up :		
Equity share capital		
9,28,94,185 (2023: 9,28,94,185)equity shares of Rs 1 each fully paid up	92.89	92.89
Total	92.89	92.89

(i) Reconciliation of number of equity shares issued

Particulars	As at March 31,2024	As at March 31,2023
Shares outstanding at the beginning of the year	92,894,185	91,571,685
Add: Fresh issue*	-	1,322,500
Shares outstanding at the end of the year	92,894,185	92,894,185

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

(ii) Reconciliation of issued equity share capital

Particulars	As at March 31,2024	As at March 31,2023
Equity share capital at the beginning of the year	92.89	91.57
Add: Fresh issue	-	1.32
Equity share capital outstanding at the end of the year	92.89	92.89

(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 31,2024		As at March 31, 2023	
	% holding	No. of shares	% holding	No. of shares
Piyush Somani	28.91%	26,852,696	28.91%	26,852,696
PO Somani Family Trust	24.19%	22,467,478	24.19%	22,467,478
Sarla Somani	2.02%	1,874,910	2.02%	1,874,910
SAGF II Holdings LLC	10.23%	9,506,036	10.23%	9,506,036
South Asia Growth Fund II, L.P. (SAGF)	22.30%	20,714,896	22.30%	20,714,896
GEF ESDS Partners, L.L.C. (GEPL)	8.16%	7,584,133	8.16%	7,584,133
Esds Employee Benefit Trust	2.56%	2,382,094	2.56%	2,382,094
Total no of shares		91,382,243		91,382,243

(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	26,852,696	28.91%	0.00%

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

16 Other equity

Particulars	As at March 31,2024	As at March 31,2023
I. Reserves and surplus		
Retained earnings	560.58	401.64
Securities premium	1,704.10	1,704.10
Capital redemption reserve	3.58	3.58
Debenture redemption reserve	75.00	75.00
Total reserves and surplus	2,343.27	2,184.33
(i) Retained earnings		
Opening balance	401.64	596.03
Profit for the year	164.83	(150.32)
Other comprehensive income	(7.01)	(0.19)
Add/ (Less) :		
Transfer to /(from)Debenture redemption reserve	-	(45.00)
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferd from revaluation reserve	1.12	1.12
Total retained earnings	560.58	401.64
(ii) Securities premium		
Opening balance	1,704.10	1,414.48
Add: Premium on issue of equity shares	--	289.63
Total securities premium	1,704.10	1,704.10
(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	75.00	30.00
Add: Transfer (from)/to retained earnings	--	45.00
Total Debenture redemption reserve	75.00	75.00
III. Other reserves		
(i) Revaluation reserve		
Opening balance	63.04	64.16
Add: revaluation of land and building	38.97	
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	100.89	63.04
(ii) Share based payment reserve		
Opening balance	10.89	5.45
Expense recognized for the year	5.18	5.44
Total share based payment reserve	16.07	10.89
Total other reserves	116.95	73.93
Total equity	2,460.22	2,258.26

II) Nature and purpose of reserves

a) Securities premium

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

b) Capital Redemption Reserve

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

c) Debenture Redemption Reserve

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

d) Revaluation Reserve

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

e) Share based payment reserve

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

17 Financial Liabilities
17.a Non current borrowings

Particulars	As at March 31,2024	As at March 31,2023
Secured Non-Convertible Debentures		
750 Non Convertible Debentures (FV=10,00,000 each)**	750.00	750.00
Add:Accrued amount	56.61	17.88
Secured:		
Term Loans		
From banks	192.00	307.57
From financial institutions	17.16	70.55
Vehicle loans from banks	16.67	9.32
Total	1,032.44	1,155.33
Less : Current maturities of non-current borrowings	(301.06)	(225.53)
Total non - current borrowings	731.38	929.80

**Company have issued 750 Unlisted,secured,reedmable, Non Convertible Debentures (NCDs) having face value of 10,00,000 each to Piramal Structred Credit Opportunitis Fund in October 2022 till the final redemption date i.e the date which is 84 months from the effective date or the date on which all the Debenture secured obligation are fully paid. Coupon shall be 10% per annum compounded and payable monthly on and from the closing date untill the debenture final settlement date.The company have agreed to meet the investor return which shall be equivalent to 15.5% p.a for the first two years and 15% thereafter untill the debenture final settlement date. (refer footnote 17 for security details)
Accrued amount shall mean the difference between Investor return and coupon paid for initial period of 24 months from the closing date.

17.b Current borrowings

Particulars	As at March 31,2024	As at March 31,2023
Secured:		
Demand loans from banks	121.95	204.81
Current maturities of long term borrowings	301.06	225.53
Total current borrowings	423.02	430.33

18 Other current financial liabilities

Particulars	As at March 31,2024	As at March 31,2023
Current		
Capital creditors**	14.63	28.46
Interest accrued but not due on borrowings	0.22	0.60
Accrued employee liabilities		
Related parties [refer note:32]	-	-
Others	74.63	14.60
Other payables	11.71	11.56
Total current other financial liabilities	101.20	55.22

** 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.

19 Employee benefit obligations

Particulars	As at March 31,2024	As at March 31,2023
Non-current		
Gratuity [refer note:34]	75.39	51.61
Compensated absences	44.80	39.45
Total non -current obligations	120.19	91.05
Current		
Gratuity [refer note:34]	1.64	1.59
Compensated absences	1.49	1.49
Total current obligations	3.13	3.08

Gratuity

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

20 Trade payables

Particulars	As at March 31,2024	As at March 31,2023
Trade payables		
-Total outstanding dues to Micro, small and Medium enterprises (refer note 38)	5.72	59.78
-Others**	196.01	178.82
Provision for expenses	25.22	25.14
Total trade payables	226.95	263.75

*Refer note no 42 for ageing schedule

** Out of Rs.196.01 millions, Rs. 40.68 millions are disputed.

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

Sr.No.	Details of dues to micro and small enterprises as defined under the MSMED Act, 2006	March 31,2024	March 31,2023
1	Principal amount due to suppliers registered per the MSMED Act and remaining unpaid as at year end	5.72	59.78
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.05	2.56
3	Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
4	Amount of interest due and payable for the period of delay in making payments but without adding interest specified under MSMED Act, 2006	-	-
5	The amount of interest accrued and remaining unpaid at the end of year	0.05	2.56
6	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	-	-

21 Other current liabilities

Particulars	As at March 31,2024	As at March 31,2023
Statutory liabilities	61.86	21.10
Advance from customers	4.28	6.12
Unearned revenue	41.24	96.91
Unpaid dividend on Preferences Shares	0.04	0.04
Total other current liabilities	107.43	124.17

Footnotes to note 17.

As at March 31, 2024

Sr. No	Name of the bank	Type of Facility	O/s amount as period ended	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	158.25	upto 3 years	Ranging from 8.75% to 8.80%	Primary – First pari pasu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1. First pari pasu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Pasu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4. PG Piyush Somani & Sarla Somani
2	Axis Bank Ltd.	Open Cash Credit	-	On demand	8.75%	Primary – First and exclusive charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1. First pari pasu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Pasu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4. Personal Guarantee of the Piyush Somani & Sarla Somani
3	Axis Bank Ltd.	Overdraft against fixed deposit	50.31	On demand	7.50%	Primary: First and exclusive charge on the fixed deposit . Lien on Fixed Deposits of Rs 50 millions
4	State Bank of India	Overdraft against fixed deposit	66.03	On demand	7.70%	Primary: First and exclusive charge on the fixed deposit . Lien on Fixed Deposits of Rs 75 million
5	Clix Finance India Private Limited	Equipment Loan	-	-	12.50%	Primary: First and exclusive charge on the equipment financed by the lender. Lien on Fixed Deposits of Rs 2.97 million
6	SIDBI*	RLOC (Long Term Loans)	1.98	upto 8 months	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 favours of SIDBI on cash flows generated from orders to be routed through designated escrow account 1st charge in favours of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness. Extension of 1st charge by way hypothecation in favour of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI 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/FIPI remaining unpaid POA in favour of SIDBI for creation of residual charge in favour of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007.
7	Tata Capital Financial Services	Equipment Loan	15.18	upto 8 months	Ranging from 10.25% to 12.55%	Primary: Plant and Machinery purchased out of Term Loan Lien on Fixed Deposits of Rs 7.01 million
8	Piramal Structured Credit Opportunities Fund	Non-Convertible Debentures (including accrued amount for IRR thereof)	806.61	5 years 9 months	Coupon rate 10% p.a . IRR equivalent to 15.5% p.a for first 2 years and 15% there after	The Debenture Secured Obligations, in respect of the Debentures and the performance by the Issuer of its obligations in relation thereto, shall be secured by creation and perfection of the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders, in the following manner: 1. Second charge over all the immovable assets (present & future) of the Issuer 2. Second charge over all movable fixed assets (present & future) of the Issuer; 3. Second charge over all present and future movable assets of the Issuer (present and future); 4. Second charge over all current assets (present & future) of the Issuer; 5. Second charge on the cash flows of the Issuer, both present and future; and 6. Second charge over all the patented technology and patented products of the Issuer; and 7. Personal Guarantee of the Piyush Somani & Sarla Somani
9	Kotak Mahindra Prime Limited	Vehicle Loan	2.82	upto 2 months	9.19%	Primary: Vehicle Purchased out of Loan
10	ICICI Bank Limited	Vehicle Loan	1.03	8 months	8.25%	Primary: Vehicle Purchased out of Loan
11	Indusind Bank Limited	Term Loans	33.75	2 years 6 months	9.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-pasu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari pasu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC. 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
10	Indusind Bank Limited	Open Cash Credit	5.61	On demand	8.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-pasu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari pasu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC. 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
12	HDFC Bank Ltd	Vehicle Loan	1.84	36 months	8.30%	Primary: Vehicle Purchased out of Loan
13	ICICI Bank Limited	Vehicle Loan	10.97	Upto 60 months	9.10 to 9.15%	Primary: Vehicle Purchased out of Loan
	Total		1,154.40			

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Sr. No	Name of the bank	Type of Facility	O/s amount as at year End	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	258.82	upto 3 years 9 months	Ranging from 8.75% to 8.80%	Primary – First pari pasu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1.First pari pasu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2.First pari pasu charged with Indusind INR 113.00 Mn 3.Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Pasu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4.PG Piyush Somani & Sarla Somani
2	Axis Bank Ltd.	Open Cash Credit	157.36	On demand	8.75%	Primary – First pari pasu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1. First pari pasu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Pasu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4. Personal Guarantee of the Piyush Somani & Sarla Somani
3	Clix Finance India Private Limited	Equipment Loan	6.26	8 months	12.50%	Primary: First and exclusive charge on the equipment financed by the lender. Lien on Fixed Deposits of Rs 2.97 million
4	SIDBI*	RLOC (Long Term Loans)	7.86	upto 1.5 years	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 favours of SIDBI on cash flows generated from orders to be routed through designated escrow account 1st charge in favours of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness. Extension of 1st charge by way hypothecation in favour of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI 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/FIPI remaining unpaid POA in favour of SIDBI for creation of residual charge in favour of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007.
5	Tata Capital Financial Services	Equipment Loan	56.44	upto 1.5 years	Ranging from 10.25% to 12.00%	Primary: Plant and Machinery purchased out of Term Loan Lien on Fixed Deposits of Rs 7.01 million
6	Piramal Structured Credit Opportunities Fund	Non-Convertible Debentures (including accrued amount for IRR thereof)	767.88	6 years 3 months	Coupon rate 10% p.a. , IRR equivalent to 15.5% p.a for first 2 years and 15% there after	The Debenture Secured Obligations, in respect of the Debentures and the performance by the Issuer of its obligations in relation thereto, shall be secured by creation and perfection of the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders, in the following manner: 1. Second charge over all the immovable assets (present & future) of the Issuer 2. Second charge over all movable fixed assets (present & future) of the Issuer; 3. Second charge over all present and future movable assets of the Issuer (present and future); 4. Second charge over all current assets (present & future) of the Issuer; 5. Second charge on the cash flows of the Issuer, both present and future; and 6. Second charge over all the patented technology and patented products of the Issuer; and 7. Personal Guarantee of the Piyush Somani & Sarla Somani
7	Kotak Mahindra Prime Limited	Vehicle Loan	4.35	upto 8 months	9.19%	Primary: Vehicle Purchased out of Loan
8	ICICI Bank Limited	Vehicle Loan	2.69	17 months	8.25%	Primary: Vehicle Purchased out of Loan
9	Indusind Bank Limited	Term Loans	48.75	3 years 3 months	9.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-pasu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari pasu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
10	Indusind Bank Limited	Open Cash Credit	47.45	On demand	8.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-pasu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari pasu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-pasu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, 2. First pari pasu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
10	HDFC Bank Ltd	Vehicle Loan	2.28	42 months	8.30%	Primary: Vehicle Purchased out of Loan
	Total		1,360.13			

22 Income tax expense

Particulars	As at March 31,2024	As at March 31, 2023
Current tax		
Pertaining to profit for the current year	4.56	-
MAT credit entitlement		-
Deferred tax	76.31	(57.21)
Prior year tax	4.35	
Income tax expense	85.22	(57.21)
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expenses	250.04	(207.54)
Tax at the Indian tax rate of 27.82% (2021-22 - 27.82%)	69.56	(57.74)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Disallowance under sec 14a	-	13.57
Corporate social responsibility expenditure not allowed under taxation and donation	0.09	0.62
Other comprehensive Income	2.70	0.07
Provision for bad debts written off	-	(9.04)
Others	12.87	(4.69)
Total	15.65	0.52
Net current tax expenses recognised in statement of profit & loss	85.22	(57.21)

23 Deferred Tax (Net)

(a) Income tax expense

Particulars	As at March 31,2024	As at March 31, 2023
Net Deferred tax (assets)/liabilities**	65.36	(8.88)
Deferred tax assets/liabilities arise from the following:		
Tax credits available:		
MAT credit receivable	62.04	62.04
Deferred tax assets		
Gratuity & compensated absences	37.76	24.74
Provision for doubtful debts, doubtful deposits and capital advance	63.44	46.15
Provision for Interest payable	-	-
Lease liabilities	305.36	195.83
Income tax business loss setoff	61.02	154.45
	529.62	483.20
Deferred tax liability		
PP&E depreciation and intangible amortization	319.87	243.31
Right of use of assets	275.11	231.02
Others (revaluation of land)	-	-
Security Deposit under leases	-	-
	594.98	474.33

**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 31,2024	As at March 31, 2023
Opening deferred tax (assets) / liabilities	(8.88)	48.57
Mat credit entitlement	-	-
Gratuity & compensated absences	(13.03)	(0.72)
Provision for doubtful debts, doubtful deposits and capital advance	(17.28)	(3.27)
Disallowances under sec 40(a) of the Income Tax Act 1961	-	-
Lease liabilities	(109.53)	30.44
Right of use of assets	44.09	(5.58)
Income tax business loss setoff	93.43	(63.43)
PP&E depreciation and intangible amortization	76.56	(14.89)
Others		
Closing deferred tax liability after set off	65.37	(8.88)

24 Revenue from operations

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Sale of services		
Cloud hosting and managed services	2,719.12	1,926.25
Technical support services	94.55	87.47
Total revenue from operations	2,813.68	2,013.71

A. Reconciliation of revenue recognised with contract price

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Contract price		
Adjustments for:	2,350.38	1,800.51
Unbilled revenue	504.53	310.12
Unearned revenue	(41.24)	(96.91)
Revenue from continuing operation	2,813.68	2,013.71

25 Other income

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Interest :		
Deposits with banks	34.52	15.26
Income tax refund	11.96	5.03
Other non-operating income	5.16	15.28
Unwinding of discount on security deposits	2.16	3.50
Profit on sale of assets	0.09	-
Amount Written Back	2.48	6.15
Total other income	56.38	45.22

26 Employee benefit expense

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Salaries, wages and bonus	756.75	660.80
Contribution to provident and other funds	26.22	23.05
Gratuity [refer note:33]	20.13	13.95
Compensated absences	12.66	14.01
Employee stock option scheme	5.18	5.44
Other employee related costs	20.27	22.62
Total employee benefit expense	841.21	739.86

27 Finance costs

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Interest expense:		
Borrowings	176.43	147.74
Lease liabilities	86.13	68.31
Others	-	-
MSME	0.05	-
Bank charges	5.28	3.42
Other borrowing costs	3.59	5.71
Total finance costs	271.48	225.18

28 Depreciation and amortization expense

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Depreciation of property, plant and equipment	329.34	268.07
Amortisation of intangible assets	30.94	31.63
Amortisation of right-of-use asset	134.12	123.79
Impairment of assets	-	38.21
Total depreciation and amortization expense	494.40	461.69

ESDS Software Solution Limited

Notes Forming Part of Separate Financial Statements for the year ended March 31,2024

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

29 Other expenses

Particulars	Year ended March 31,2024	Year ended March 31, 2023
Contract fulfillment costs	123.79	-
Project servicing cost	160.48	146.23
Rental charges	9.55	3.32
Office expenses	4.61	3.51
Travel and conveyance	30.51	25.12
Communication expenses	86.35	116.52
Contract labour charges	56.55	60.61
Corporate social responsibility expenditure [Refer note no:40]	0.32	2.21
Donations	-	0.25
Rates and taxes	4.29	3.81
Directors sitting fees	2.24	2.00
Legal and professional charges	54.13	52.43
Loss on sale of asset (net)	-	0.03
Commission/Brokerage	20.33	17.46
Insurance	13.81	10.27
Advertisement and sales promotion	21.55	13.93
Power and fuel charges	137.69	91.68
Repairs and maintenance:		
Computers	0.95	1.80
Others	12.30	10.96
Membership and subscription charges	164.22	127.39
Expected credit loss allowance [refer note no : 35]	55.29	43.65
Foreign exchange fluctuation loss (net)	0.87	1.53
Payment to auditors [refer note below]	2.35	2.10
Balances written off	32.23	-
IPO Expenses Written Off	-	48.77
Miscellaneous expenses	7.79	6.38
Total other expenses	1,002.19	791.96

Payment to auditors

Particulars	Year ended March 31,2024	Year ended March 31, 2023
For Auditor		
Statutory audit	1.80	1.80
Tax audit fee	0.30	0.15
Transfer pricing audit fees	0.25	0.15
Total payment to auditors	2.35	2.10

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

30 Earnings per share

(a) Earnings per share

Particulars	March 31, 2024	March 31, 2023
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company	164.83	(150.32)
Weighted average number of equity shares	92,894,185	92,738,384
Basic earnings per share	1.77	(1.62)
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company	164.83	(150.32)
Weighted average number of equity shares	92,894,185	92,738,384
Diluted earnings per share	1.77	(1.62)

(b) Profit reconciliation

Particulars	March 31, 2024	March 31, 2023
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share	164.83	(150.32)
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share:	164.83	(150.32)
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	164.83	(150.32)

(c) Weighted average number of shares used as denominator

Particulars	March 31, 2024	March 31, 2023
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	92,894,185	92,738,384
Weighted average number of equity shares and potential shares used as the denominator in calculating diluted earnings per share	92,894,185	92,738,384

31 Contingencies and commitments

i) Capital commitments

Particulars	March 31, 2024	March 31, 2023
Estimated amount of contracts remaining to be executed on capital account (net of advances)	6.38	29.59

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

Particulars	March 31, 2024	March 31, 2023
Claims against the company not acknowledged as debts		
Indirect tax matters [Refer ii (a), (c)]	19.36	10.84
Other matters [Refer iii (a), (c)]	2.62	2.62
Guarantees excluding financial guarantees		
Performance Bank guarantees given to customers	420.21	396.30
Other money for which the company is contingently liable		
Income tax matters [Refer i (a),(b)]	-	96.35
Indirect tax matters [Refer ii (b),(d),(i)]	127.23	130.00
Total	569.42	636.11

i) Direct Tax Related Matters

a) In May 2023, The company has received demand notices u/s 156 of Income Tax Act, 1961 for reassessment proceedings for Assessment Year (AY) 2016-17 and AY 2017-18. According to the demand notices, an amount of Rs.18.93 million is payable for AY 2016-17, and an amount of Rs.77.41 million is payable for AY 2017-18. In response to these demands, the company is filing an appeal before the Commissioner of Income-tax Appeal (CIT(A)) for both the years. In December 2023, AO recovered 15% of the demand from refund due for AY 2022-23 along with Interest under section 234D amounting to Rs. 23.60 millions. However, on March 18,2024 Bombay High court passed the decision in favour of the company and hence no contingent liability against the same.

b) The company has received show cause notice for late payment/ short payment of TDS for Assessment Year (AY) 2017-18 to AY 2019-20. Also, being principal officer of the company at the time of default, prosecution proceedings u/s 276B of Income Tax Act, 1961 initiated against the directors of the company. The Company have filed for compounding application, Since the final demand order is pending, the specific liability related to this contingent matter has not been recognized or disclosed in the financial statements at this time. The company will continue to monitor the progress of the compounding application and will make appropriate disclosures and provisions once the final demand order is received.

ii) Indirect Tax Related Matters

- a) Company have received demand notice under section 32 of MVAT Act,2002 for FY 2016-17 , FY 2017-18 , FY 2013-14 and FY 2014-15 amounting to Rs.7.00 millions, Rs. 3.84 millions, Rs.1.91 millions and Rs 4.35 millions respectively, for which company has filed an appeal against the same and management believes that such claim is not tenable.
- b) In September 2022, company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 72.56 millions for FY 2017-18 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020. However company have received the final order for Rs. 32.76 millions on July 07,2023.
- c) The Company has received ASMT 10 notice from department of GST- Maharashtra u/s 61 for the FY 2017-18, regarding Disallowance of ITC claimed amounting to INR 2.26 million. However company have filed an appeal against the same.
- d) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2020 communicated by JCST (Nashik Division, Nashik). GST department have visited the place of business of ESDS on 19.01.2020 have taken many records and statements along with them, basis there finding they have issued a notice for various different tax concerns. On 25/01/2024 company have received the final demand notice of Rs.11.56 millions for FY 2018-2019.
- e) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 Interest Rs. 14.89 millions and Penalty of Rs. 3.72 millions total Demand of Rs. 18.61 millions in the matter of purchases made from Infotech Systems & Technologies for FY-2019-20 for incorrect availment of input tax credit. Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax for the similar cases.
- f) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 Interest Rs. 1.27 millions and Penalty Rs. 0.53 millions , Total Demand of Rs. 1.80 millions in the matter of purchases made from Infotech Systems & Technologies for FY-2020-21. Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax for the similar cases.
- g) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 GST Tax Rs. 0.55 millions - , Interest Rs. 1.10 millions and Penalty Rs. 0.91 million ,total Demand of Rs. 2.56 millions- in the matter of purchases made from Neptune Traders for FY-2020-21. Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax for the similar cases.
- h) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 GST Tax Rs. 11.66 millions/-, Interest Rs. 8.57 millions -/ and Penalty Rs. 11.66 millions -/ total Demand of Rs. 31.89 millions -/ in the matter of purchases made from Netvista Venture Ltd for FY-2019-20. Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax.
- i) The audit proceedings u/s 65 (6) of MGST act were initiated. Notice in form GST ADT-01 dated 13.01.2023 were received to furnish the required books of account and records for the period of FY-2019-20. The Company has received Demand Notice in form GST ADT-02 dated 09/05/2024 for Rs.230.89 millions. Company have received the final demand order on 08/08/2024 amounting to Rs. 82.91 millions.

iii) Other Matters

- a) In 2019, arbitration proceedings against the suit initiated by Trigyn 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. Company have received an Arbitration final order where in the decision is in favour of the company and no liability against the same on company.
- b) In 2022, Mr Rajsev Pagneja an ex-employee of the company has filed the petition in Bombay high court alleging that an oral contract was agreed with the company for issuance of certain number of shares under ESOP owing to services rendered by him to the company, claim amounting to Rs. 184.80 millions. The company has filed an application before the Bombay high court challenging its jurisdiction to adjudicate the matter. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.
- c) In Feb 2022, Company has received a legal notice from Sara Infoway ITES India for non-payment of outstanding dues of Rs. 15.38 millions (including interest @ 18% p.a. of Rs 2.34 millions/-). Additionally, an amount of Rs. 0.30 millions -/ is being sought as advocate fee for serving the legal notice. As per books of accounts of the Company, outstanding dues of Rs. 13.06 millions are being reflected. As of now, the company is carefully reviewing the vendor's claims and assessing its legal obligations in this matter. The company is actively exploring options for resolving the dispute, which may include negotiations, seeking legal advice, or pursuing a settlement to mitigate any financial impact.

32 Related party transactions

Related Party	Relation
<u>Para 9(a)(ii): Individuals having Significant influence over Reporting Entity(RE)</u>	
Piyush Somani	Chairman and Managing Director
Relatives of such individuals:	
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)
Nadukuru Sita Ramiah	Chief Financial Officer (From 31st October 2022)
Aniket Khandelwal	Compliance Officer and Company Secretary (From August 6, 2021 till 15th June 2022)
T.G. Dhandapani	Independent Director (from July 27,2021)
Venkatesh Natrajan	Independent Director (from July 01,2023)
A. V. Ramesh Kumar	Independent Director (from July 27,2021 ; till 18th January 2023)
Pamela Kumar	Independent Director (from July 27,2021)
Uma Mandavgane	Independent Director (from July 27,2021 ; till 20th May 2022)
Prasad Deokar	Compliance Officer and Company Secretary (From 13th July 2022)
<u>Para 9(b)(i): Entities that are parent, subsidiary, fellow subsidiary of RE</u>	
ESDS Internet Services Private Limited	Subsidiary Company (50% holding of ESDS Software Solution Ltd)
ESDS Global Software Solution Inc.	Wholly owned Subsidiary Company
ESDS Cloud FZ LLC	Wholly owned Subsidiary Company
Spochub Solutions Private limited	Wholly owned Subsidiary Company
<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 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	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Salaries and allowances	7.48	4.48	2.33	2.11	-	-	-	-
Director remuneration	12.96	10.70	-	-	-	-	-	-
Loan given/(recovered)-net	-	-	-	(0.08)	-	0.44	-	-
Loan taken/(repaid)-net	-	-	-	-	-	-	-	-
Operating and other expenses	-	0.02	-	-	109.10	111.79	-	-
Sales of services	-	-	-	-	-	-	-	-
Director sitting fees	2.01	2.00	-	-	-	-	-	-
Rental Income	-	-	-	-	0.13	0.14	-	-
Security deposit paid	-	-	-	-	1.05	-	-	-
Total	22.45	17.20	2.33	2.03	110.28	112.37	-	-

II Outstanding receivable/(payable) balances

Nature of transactions	KMP		Relatives of KMP		Subsidiary		Individuals having control over another entity	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Payables towards salary / managerial remuneration/director sitting fees	1.81	-	0.35	-	-	-	-	-
Loans payable	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	2.89	34.64	-	-
Trade payables	-	-	-	-	-	-	-	-
Accounts due from	-	-	-	-	-	1.64	-	-
Security deposits	-	-	-	-	16.14	15.09	-	-

III Compensation to KMP

Particulars	March 31, 2024	March 31, 2023
Short term employee benefits	20.44	15.18
Retirement benefits*	-	-

*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.

IV 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.25.98 (2023: 22.34) and other funds to Rs.0.24 (2023: 0.71).

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

Particulars	March 31, 2024	March 31, 2023
Employers contribution to provident and other funds	26.22	23.05
Total	26.22	23.05

B Defined benefit plan

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

(a)

Movements in the present value of the defined obligation are as follows:	March 31, 2024	March 31, 2023
Obligation at the beginning of the year	53.20	46.04
Transfer In / (Out)	-	-
Past Service Cost	-	-
Current service cost	16.35	10.59
Interest expense	3.78	3.36
Curtailement Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Actuarial losses (gains) arising from change in financial assumptions	2.19	(4.02)
Benefits paid	(6.00)	(7.05)
Actuarial losses (gains) arising from experience adjustments	7.52	4.27
Liability at the end of the year	77.03	53.20

(b)

Change in fair value of plan assets	March 31, 2024	March 31,2023
Fair value of plan assets at the beginning of the year	-	0.19
Interest income	-	-
Transfer In / (Out)	-	-
Benefits paid	-	(0.19)
Expected Return on plan assets	-	-
Contributions	-	-
Mortality Charges and Taxes	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-
Fair value of plan assets at the end of the year	-	0.00

(c)

The net liability disclosed above relates to funded and unfunded plans are as follows:	March 31, 2024	March 31,2023
Present value of funded obligations	77.03	53.20
Fair value of plan assets	-	0.00
Deficit of funded plans	77.03	53.20
Unfunded plans	-	-
Deficit of Gratuity Plan	77.03	53.20

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

Particulars	March 31, 2024	March 31,2023
Service cost	16.35	10.59
Net interest (income)/expense	3.78	3.36
Past Service Cost	-	-
Expected return on plan assets	-	-
Settlement cost/(credit)	-	-
Transfer In/(Out)	-	-
Net actuarial (Gain)/loss recognised in the year	-	0.26
Net gratuity cost	20.13	14.20

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

Remeasurement	March 31, 2024	March 31,2023
Remeasurement for the year - obligation (Gain)/Loss	9.71	0.26
Return on plan assets excluding amount included in net interest on net defined liability/(asset) above	-	-
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	-	-
(Gain)/loss from change in demographic assumptions	-	-
Total Remeasurement Cost/(Credit) for the year recognised in OCI	9.71	0.26

(f) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:	March 31, 2024	March 31,2023
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Discount rate	7.10%	7.30%
Rate of growth in compensation level	7.00%	7.00%
Expected average remaining working lives of employees (in years)	60 years	60 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, 2024	March 31,2023
(i) 1% increase in discount rate	66.88	46.24
(ii) 1% decrease in discount rate	89.38	61.64
(iii) 1% increase in rate of salary escalation	89.26	61.58
(iv) 1% decrease in rate of salary escalation	66.78	46.16
(v) 1% increase in rate of withdrawal	77.13	53.29
(iv) 1% decrease in rate of withdrawal	76.91	53.09

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, 2024	March 31,2023
Year 1	1.64	1.59
Year 2	2.64	2.00
Year 3	2.55	1.79
Year 4	2.62	1.73
Year 5	2.43	1.67
Year 6 to 10	8.14	4.85

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.

34 Fair value measurements

Financial instruments by category

Particulars	March 31, 2024		March 31, 2023	
	FVOCI	Amortised cost	FVOCI	Amortised cost
Financial assets				
Non- current financial assets				
Investments in subsidiaries		0.56		0.56
Term deposits with maturity more than 12 months from reporting date including interest	-	56.22	-	207.92
Security deposits	-	35.22	-	60.55
Other receivables (TDS reimbursements)		5.75		1.94
Current financial assets				
Trade receivables	-	685.45	-	565.17
Term deposits with maturity of less than 12 months from reporting date including interest		506.44		
Cash and cash equivalents	-	12.74	-	157.72
Other bank balances	-	-	-	30.00
Unbilled revenue	-	504.53	-	310.12
Other current financial assets				
Security deposits	-	41.40	-	23.44
Loan to subsidiaries	-	2.89	-	34.64
Other loans and advances	-	0.20	-	0.20
Other receivables	-	25.62	-	25.62
Total financial assets	-	1,877.03	-	1,417.88
Financial liabilities				
Non-current financial liabilities				
Non-current borrowings	-	731.38	-	929.80
Lease liabilities	-	933.12	-	558.70
Other non-current financial liabilities				
Capital creditors	-	-	-	-
Current financial liabilities				
Current borrowings	-	423.02	-	430.33
Lease liabilities	-	164.49	-	145.20
Trade payables	-	226.95	-	265.93
Other current financial liabilities				
Capital creditors	-	14.63	-	28.46
Interest accrued but not due on borrowings	-	0.22	-	0.60
Accrued employee liabilities	-	74.63	-	14.60
Other Payables	-	11.71	-	11.56
Total financial liabilities	-	2,580.16	-	2,385.18

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.

As at March 31, 2024

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in subsidiaries			0.56	0.56
Term deposits with maturity more than 12 months from reporting date including interest	-	-	56.22	56.22
Security deposits	-	-	35.22	35.22
Other receivables (TDS reimbursements)	-	-	5.75	5.75
Current financial assets	-	-	-	-
Current financial assets				
Trade receivables	-	-	685.45	685.45
Term deposits with maturity of less than 12 months from reporting date including interest	-	-	506.44	
Cash and cash equivalents	-	-	12.74	12.74
Other bank balances	-	-	-	-
Unbilled revenue	-	-	504.53	504.53
Other current financial assets				
Security deposits	-	-	41.40	41.40
Loan to subsidiaries	-	-	2.89	2.89
Other loans and advances	-	-	0.20	0.20
Other receivables	-	-	25.62	25.62
Total financial assets			1,877.03	1,370.58
Financial liabilities				
Non-current financial liabilities				
Non-current borrowings	-	-	731.38	731.38
Lease liabilities	-	-	933.12	933.12
Other non-current financial liabilities				
Capital creditors	-	-	-	-
Debt component of compound financial instruments	-	-	-	-
Current financial liabilities				
Current borrowings	-	-	423.02	423.02
Lease liabilities	-	-	164.49	164.49
Trade payables	-	-	226.95	226.95
Other current financial liabilities				
Capital creditors	-	-	14.63	14.63
Interest accrued but not due on borrowings	-	-	0.22	0.22
Accrued employee liabilities	-	-	74.63	74.63
Other Payables	-	-	11.71	11.71
Total financial liabilities			2,580.16	2,580.16

As at March 31, 2023

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in subsidiaries			0.56	0.56
Term deposits with maturity more than 12 months from reporting date including interest	-	-	207.92	207.92
Security deposits	-	-	60.55	60.55
Other receivables (TDS reimbursements)	-	-	1.94	1.94
Current financial assets	-	-	-	-
Current financial assets				
Trade receivables	-	-	565.17	565.17
Cash and cash equivalents	-	-	157.72	157.72
Other bank balances	-	-	30.00	30.00
Unbilled revenue	-	-	310.12	310.12
Other current financial assets				
Security deposits	-	-	23.44	23.44
Loan to subsidiaries	-	-	34.64	34.64
Other loans and advances	-	-	0.20	0.20
Other receivables	-	-	25.62	25.62
Total financial assets			1,417.88	1,417.88
Financial liabilities				
Non-current financial liabilities				
Non-current borrowings	-	-	929.80	929.80
Lease liabilities	-	-	558.70	558.70
Other non-current financial liabilities				
Capital creditors	-	-	-	-
Debt component of compound financial instruments	-	-	-	-
Current financial liabilities				
Current borrowings	-	-	430.33	430.33
Lease liabilities	-	-	145.20	145.20
Trade payables	-	-	265.93	265.93
Unearned revenue	-	-	-	-
Other current financial liabilities				
Capital creditors	-	-	28.46	28.46
Interest accrued but not due on borrowings	-	-	0.60	0.60
Accrued employee liabilities	-	-	14.60	14.60
Other Payables	-	-	11.56	11.56
Total financial liabilities			2,385.18	2,385.18

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.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

All of the resulting fair value estimates are included in Level 2 except for unlisted preference shares where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

iii) Fair value of financial assets and liabilities measured at amortised cost

The fair value of all financial instruments carried at amortised cost are not materially different from their carrying amounts, since they are either short-term in nature or the interest rate applicable are equal to the current market rate of interest.

35 Financial risk management

The Company's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables (including capital creditors). The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans given, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to the following risks from the use of financial instruments:

- (a) credit risk,
- (b) liquidity risk, and
- (c) market risk,
- (i) foreign currency exchange risk, and
- (ii) interest rate risk.

The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

(a) Credit Risk

The Company is exposed to credit risk as a result of counterparties defaulting their obligations. The Company's exposure to credit risk primarily relates to trade receivables. The Company monitors and limits its exposure to credit risks on a reasonable basis. The Company's credit risk is associated with Trade Receivables is primarily related to customers not able to settle their obligations as agreed upon. To manage this, the Company Yearically reviews the financial reliability of its customers, taken into account their financial conditions, current economic trends, analysis of historical bad debts and ageing of trade receivables.

Financial instruments that are subject to such risks, principally consist of trade receivables, contract assets such as unbilled revenue, loans to subsidiaries, security deposits and cash and bank balances. None of the financial instruments of the Company results in material concentration of credit risk.

- Trade receivables/contract assets

Customer credit risk is managed by the Company subject to the established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, "Financial Instruments" which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

To measure the expected credit loss, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The historical rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

Reconciliation of loss allowance and credit impairment provisions

Particulars	Amount
Loss allowance on March 31, 2022	154.16
Add/(less): Changes in Loss Allowance	
Bad debts written off during the Year	(32.49)
:Provision for the Year	43.65
Loss allowance on March 31, 2023	165.32
Add/(less): Changes in Loss Allowance	
Bad debts written off during the Year	(6.10)
:Provision for the Year	55.29
:Recovery of Bad Debts	13.52
Loss allowance on March 31, 2024	228.03

Loss allowance matrix

Ageing Bucket	% of ECL
<= 60 days	0.00%
61 to 90 days	25.00%
91 to 180 days	30.00%
181 to 365 days	50.00%
Above 365 days	100.00%

(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, 2024	Current	1 year to 3 years	More than 3 years	Total
Non-current financial liabilities				
Non-current borrowings	-	133.15	598.23	731.38
Lease liabilities	-	346.01	587.10	933.12
Current financial liabilities				
Current borrowings	423.02	-	-	423.02
Lease liabilities	164.49	-	-	164.49
Trade payables	226.95	-	-	226.95
Capital creditors	101.20	-	-	101.20
Total	915.66	479.16	1,185.34	2,580.16

March 31, 2023	Current	1 year to 3 years	More than 3 years	Total
Non-current financial liabilities				
Non-current borrowings	-	160.50	769.30	929.80
Lease liabilities	-	290.27	268.43	558.70
Current financial liabilities				
Current borrowings	430.33	-	-	430.33
Lease liabilities	145.20	-	-	145.20
Trade payables	265.93	-	-	265.93
Other current financial liabilities	55.22	-	-	55.22
	896.68	450.77	1,037.73	2,385.18

(c) Market risk

Market risk is the risk of any loss in the future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change due to change in interest rates, foreign currency exchange rates, liquidity, and other market changes. Future specific market movements cannot be market predicted with reasonable accuracy.

(i) Foreign currency exchange rate risk

The Company deals with receivables from customers and payables to vendors. It is therefore exposed to foreign exchange risk associated with exchange rate movements. The foreign exchange rate fluctuations do not have any material impact on the profitability of the Company as such exports and foreign currency expenditure is negligible in totality. There are no forward exchange contracts which have been entered into by the Company as on the reporting dates.

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

Particulars	March 31, 2024	March 31, 2023
Receivables (asset)		
USD	0.02	0.01
GBP	0.07	0.07
EUR	-	-
Payables (liability)		
USD	0.02	0.01
AED	-	-
GBP	-	0.00
Loan (given)		
USD	0.04	0.04
AED	-	-
GBP	-	-

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations with floating interest rates.

Interest rate exposure : The exposure of the Company's borrowings to interest rate changes at the end of the reporting Year are as follows:

Particulars	For the period ended March 31, 2024	For the Year ended March 31, 2023
Interest on variable rate borrowings	176.43	147.74

Sensitivity analysis

Profit or loss to higher/lower interest rate expense from borrowings as a result of changes in interest rates

Particulars	For the period ended March 31, 2024	Year ended March 31, 2023
If interest rates -		
Increase by 1%	1.76	1.48
Decrease by 1%	(1.76)	(1.48)

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 August 30, 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	Exerscise price	Expected volatility	Risk free rate	Expected life	Weighted average fair value as on grant date	Method of valuation
30 August 2022	65	20.33%	5.65%	3 to 6 years	10.60	Black – Scholes Model
30 August 2023	65	20.33%	5.65%	3 to 6 years	13.38	Black – Scholes Model
30 August 2024	65	20.33%	5.65%	3 to 6 years	15.96	Black – Scholes Model
30 August 2025	65	20.33%	5.65%	3 to 6 years	18.35	Black – Scholes Model

(c) Effect of employee stock ownership plan on the Statement of Profit and Loss

Particulars	For the year ended March 31,2024
Employee stock ownership plan expense	5.18

There were 98,000 ESOP cancellations and no modifications to the options in the year ended March 31, 2024

The carrying amount of the liability relating to the Employee Stock Ownership Plan as at March 31, 2024 was Rs.16.07 million.

(d) Reconciliation of outstanding share options

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

Particulars	For the year ended March 31,2024
Options outstanding as at the beginning of the year	1,375,000
Add: Options granted during the year	
Less: Options forfeited and expired during the year	98,000
Less: Options exercised during the year	-
Options outstanding as at the year end	1,277,000
Exercisable at the end of the year	1,149,300

37 Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating in order to support its business activities and maximize brand value.

The Company manages its capital and makes adjustments to it in light of the changes in economic and market conditions.

The Company monitors capital gearing ratio, which is net debt divided by total capital. Net debt comprises of long term and short term borrowings less cash and bank balances, equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting Year was as follows.

Particulars	As at March 31, 2024	As at March 31, 2023
Debt*	1,154.40	1,360.13
Cash and bank balances	(12.74)	(157.72)
Net debt	1,141.66	1,202.42
Shareholders' funds		
Equity share capital	92.89	92.89
Reserves and surplus	2,343.27	2,184.33
Total equity	2,436.16	2,277.22
Net debt to equity ratio	0.47	0.53

* includes current maturity of long term borrowing

38 Micro, Small and Medium Enterprises Development Act, 2006

As per the information available, the management has not received information from some of their suppliers for the year ended March 31, 2024 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, 2024 and for the year ended March 31,2023.

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 31,2024	March 31, 2023	March 31,2024	March 31, 2023
India	2,713.75	1,919.53	4,423.94	4,103.43
Outside India	99.93	94.18	10.71	11.92
Total	2,813.68	2,013.71	4,434.65	4,115.35

Information about major customers:

There is no single external customer which contributes more than 10% to the revenue of the year ended on March 31, 2024 and year ended March 31, 2023

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.0.32 millions (March 31, 2023: Rs. 2.10 Mn) for the Year towards this cause and charged the same to the Statement of Profit And Loss.

The gross amount required to be spent during the Year was Rs 0.18 millions .

Particulars	(in millions)	
	March 31,2024	March 31,2023
Contribution	0.32	2.10
Total	0.32	2.10
Amount required to be spent as per Section 135 of the Act*	0.18	2.03
Amount spent during the year on		
(i) Research centre	-	2.10
(iii) Promotion of healthcare including preventive healthcare	0.32	-

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

Balance as at April 1, 2023		Amount required to be spent during the Year	Amount spent during the year		Balance as at 31 March 2024	
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	-	0.18	0.32	-	-	-

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

Balance unspent as at 1 April 2023	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the Year	Amount spent during the Year	Balance unspent as at 31 March 2024
-	-	-	-	-

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

Balance excess spent as at 1 April 2023	Amount required to be spent during the Year	Amount spent during the Year	Balance excess spent as at 31 March 2024
0.07	0.18	0.32	0.21

41 Exceptional Items:

- a) During the financial year, the Company encountered exceptional circumstances which significantly impacted its financial position. As part of these occurrences, the Company disbursed an amount of Rs. 1.87 million for the resolution of pending dues under the VAT amnesty scheme, pertaining to the financial years 2014-15, 2016-17, and 2017-18. Additionally, an amount receivable from the VAT Department, totaling Rs. 3.28 million, was deemed irrecoverable and consequently written off during the same period. These exceptional items, totaling Rs. 5.15 million, have been recognized in the financial statements for the year ended 2024, impacting both the income statement and the balance sheet.
- b) On July 7, 2023, the Company received a notice from the CGST Department under section 73(5), indicating the Department's belief that the Company should reverse Input Tax Credit (ITC). In response, the Company filed an appeal against this notice. As part of the appeal process, the Company incurred expenses totaling Rs. 1.40 million as appeal fees. Given the uncertain nature of the outcome of the appeal and the potential impact on the Company's financial position, these expenses have been treated as exceptional items in the financial statements for the year ended 2024.
- c) During the fiscal year, the Company received a notice from the Maharashtra State Electricity Distribution Company Limited (MSEDCL) indicating a penalty of Rs. 4.18 million. The penalty was imposed on the Company due to erroneous availment of subsidies from 2016 until the current year. In response to the notice and to resolve the matter, the Company opted to settle the penalty amount, resulting in an expenditure of Rs. 4.18 million during the year. Management acknowledges the exceptional nature of this expense, considering it as a one-time event that significantly impacted the Company's financial results for the period. The settlement of this penalty has been disclosed separately in the financial statements for the year ended 2024, under exceptional items, to provide transparency regarding its impact on the Company's financial position.

ESDS Software Solution Limited

Notes Forming Part of Separate Financial Statements for the year ended March 31, 2024

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

42 Ageing Schedule

a) Trade Receivables

Outstanding for following period from the date of transaction as at March 31, 2024

Particulars	Not Due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Expected Credit Loss Allowance	Total
Trade Receivables -Considered Good	-	682.75	107.47	39.74	11.12	56.74	(212.38)	685.45
Trade Receivables-Credit Impaired	-	-	-	-	-	15.65	(15.65)	-
Total Trade Receivables	-	682.75	107.47	39.74	11.12	72.39	(228.03)	685.45
Unbilled Receivable	504.53	-	-	-	-	-	-	504.53
Total Trade Receivables - Billed and Unbilled								1,189.98

Outstanding for following period from the date of transaction as at March 31, 2023

Particulars	Not Due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Expected Credit Loss Allowance	Total
Trade Receivables -Considered Good	-	505.33	115.39	30.35	32.12	31.65	(149.67)	565.17
Trade Receivables-Credit Impaired	-	-	-	-	15.65	-	(15.65)	-
Total Trade Receivables	-	505.33	115.39	30.35	47.77	31.65	(165.32)	565.17
Unbilled Receivable	310.12	-	-	-	-	-	-	310.12
Total Trade Receivables - Billed and Unbilled								875.29

b) Trade Payables

Outstanding for following period from the date of transaction as at March 31, 2024

Particulars	Provision for Expenses	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	5.72	-	-	-	-	5.72
Others	25.22	120.28	11.23	4.58	0.23	19.01	180.56
Disputed- Others	-	40.68	-	-	-	-	40.68
Total	25.22	166.68	11.23	4.58	0.23	19.01	226.95

Outstanding for following period from the date of transaction as at March 31, 2023

Particulars	Provision for Expenses	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	59.22	0.33	0.23	-	-	59.78
Others	25.14	163.63	9.30	1.44	-	4.45	203.97
Total	25.14	222.85	9.63	1.68	-	4.45	263.75

ESDS Software Solution Limited
Separate Financial Statements
Notes Forming Part of Separate Financial Statements for the year ended March 31,2024
(All amounts are in Rupees millions, unless otherwise stated)

43 Additional Regulatory Requirements-Ratios

Sr.No.	Ratios as per Schedule III		As at March 31,2024			As at March 31,2023			% Change in Ratio
	Particulars *(not annualised)	Formulae used for calculation of ratio	Numerator	Denomintor	Ratio	Numerator	Denomintor	Ratio	
a)	Current ratio	Current Assets/Current Liabilities	2,098.51	1,026.22	2.04	1,810.79	1,021.75	1.77	15.38%
b)	Debt-Equity Ratio	(Non-current borrowings+ Current borrowings)/Total Equity	1,154.40	2,553.12	0.45	1,360.13	2,351.15	0.58	-21.84%
c)	Debt Service Coverage Ratio	EBIDTA/Current Debt obligation	1,026.65	423.02	2.43	527.11	430.33	1.22	98.14%
d)	Return on Equity Ratio	Profit after tax/ Shareholder's equity	164.83	2,553.12	6.46%	(150.32)	2,351.15	-6.39%	-200.97%
e)	Trade Receivables turnover ratio	Revenue from operations/Average trade receivables	2,813.68	625.31	4.50	2,013.71	599.73	3.36	34.01%
f)	Trade payables turnover ratio	(Purchase of goods + Other expenses)/Average trade payables	1,002.19	245.35	4.08	791.96	266.00	2.98	37.20%
g)	Net capital turnover ratio	Revenue from operations/(Current assets- Current liabilities)	2,813.68	1,072.30	2.62	2,013.71	789.04	2.55	2.82%
h)	Net profit ratio	Profit after tax/ Revenue from operations	164.83	2,813.68	5.86%	(150.32)	2,013.71	-7.46%	-178.47%
j)	Return on capital employed	EBIT/Capital employed	532.26	2,553.12	20.85%	65.42	2,351.15	2.78%	649.22%

Reasons for Change more than 25% from previous year

- a)**Debt Service Coverage Ratio** :Increase in earnings before tax due to better revenue and decrease in the costs lead to better debt service coverage ratio.
b)**Return on Equity Ratio** :Increase in profits and consistent shareholder's equity lead to change in return on equity ratio.
c)**Trade Receivables Turnover Ratio** : Revenue and trade receivables have substantially increased giving rise to trade receivables ratio.
d)**Trade Payables Turnover Ratio** : Company have closely monitored payable and made sure to pay them in time thus leading to better Trade payables ratio.
e)**Net profit ratio** :Increase in net profits due to better management and reduction in costs lead to higher net profit ratio in comparison with previous year.
f)**Return on capital employed**: Increase in earnings before interest and tax and consistent capital employed lead to better return on capital employed.

ii) Borrowings obtained on the basis of security of current assets

The company has filed quarterly returns or statements with the banks in lieu of the sanctioned working facilities,there is no material differences.

44 Additional Regulatory Disclosures As Per Schedule III Of Companies Act, 2013

- i) Title deeds of Immovable Property are in the name of company wherever applicable
- ii) Details of Benami Property and its proceedings- Not applicable as there are no proceedings which have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- iii) Wilful Defaulter - The company has not been declared wilful defaulter by bank or financial institution or government or any government authority.
- iv) Relationship with Struck off Companies -As per section 248 of the Companies Act, 2013 or section 560 of Companies Act,1956 ,there are no balances outstanding with struck off companies
- v) Compliance with number of layers of companies - Not Applicable as the Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- vi) Compliance with approved Scheme(s) of Arrangements - Not Applicable as the Company has no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- vii) Details of Crypto Currency or Virtual Currency - Not Applicable as the Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- viii) There were no whistle blower complaints received by the Company during the year.
- ix) The Company does not have any such transaction which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
- x) The Company does not have any intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.
- xi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) Provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- xii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) Provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- xiii) Registration of charges or satisfaction with registrar of companies- The Company does not have any charges or satisfaction which is yet to registered with ROC beyond the statutory period.

45 Previous period figures have been regrouped/reclassified wherever necessary to confirm to current periods presentation

In terms of our report of even date

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

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

Sd/-

Ashish Khandelwal

Partner

Membership No.: 049278

Place : Pune

Date : 06/09/2024

Sd/-

Piyush Somani

Chairman and Managing Director Whole Time Director

DIN :02357582

Place: Nashik

Date : 06/09/2024

Sd/-

Komal Somani

Whole Time Director

DIN: 08477154

Place: Nashik

Date : 06/09/2024

Sd/-

Prasad Deokar

Company secretary and
compliance officer

M No:A34350

Place : Nashik

Date : 06/09/2024

Sd/-

Nadukuru Sita Ramaiah

Chief Financial officer

Place : Nashik

Date : 06/09/2024

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, 2024, 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 material accounting policies, and other explanatory information (herein after referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the Consolidated IND AS financial statements give the information required by the Companies Act 2013, as amended ("The Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated state of affairs of the Group as at March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters which in our professional judgement, were of the most significance in our Audit of the Consolidated Ind AS Financial Statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the Consolidated Financial

Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter – Revenue Recognition

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

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

The Group has also assessed -

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

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

(Refer Note 2.8, 2.15, 2.16 in notes to the Consolidated Financial Statements for relevant accounting policy.)

How our audit addressed the matter:

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

- (i) Obtaining an understanding of the systems, processes and controls implemented by management for recording and computing revenue and associated unbilled revenue, unearned and deferred revenue balances and onerous contract obligations, if any.
- (ii) Evaluated the design and operating effectiveness of internal controls relating to the application of revenue accounting standard specifically, those relating to identification of the distinct performance obligations and determination of transaction price.
- (iii) In respect of a sample of large and complex contracts and certain other contracts, our procedures included, among other things:
 - a. Identified significant terms of the contracts;
 - b. Assessing appropriateness of management's significant judgements in accounting for identified contracts such as identification of performance obligation and allocation of consideration to identified performance obligation;
 - c. Evaluation of the contract terms with respect to assessment of the date of transfer of control;
 - d. Testing of timing of recognition of revenue (including procedures related to cut off) in line with the terms of contracts;
 - e. Testing the appropriateness of key assumptions used by Management including the appropriateness and reasonability of Management's conclusion regarding the expected delays in estimated completion of the performance obligations and possible impact on key estimates. Obtained understanding of the terms and communications with the customers to assess the likelihood of availability of contractual remedies.
- (iv) Reviewing the adequacy and presentation of revenue recognition disclosures in the financial statements, ensuring their compliance with the disclosure requirements of Ind AS 115.

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

Information other than the Financial Statements and Auditors' Report thereon

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

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statement of the subsidiaries audited by the other auditors and, in doing so, place reliance on the work of other auditors and consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other consolidated comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. We have taken into account the provisions of the Companies Act 2013, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated IND AS financial statements.

Other Matters

a) We have not audited the financial statements/financial information of two subsidiaries out of which, whose financial statements reflect total assets of Rs. 388.40 million as at 31st March 2024 and total Revenues of Rs. 68.83 million for the year ended at 31st March 2024. These Financial Statements have been audited by other Auditors whose Reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) & (11) of Section 143 of the Act, in so far it relates to the aforesaid subsidiaries, is solely based on the reports of the other auditors.

b) The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of four subsidiaries, whose financial statements and other financial information reflect total assets of Rs. 54.23 million as at 31st March, 2024, and total revenues Rs. 51.50 million for the year ended 31st March 2024. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid

subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information.

In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries we report, to the extent applicable that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Group so far as it appears from our examination of those books;

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

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

(e) On the basis of written representations received from the directors of Holding Company as on March 31, 2024, 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, 2024, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements of the Holding Company & its subsidiaries, refer to our separate Report in "Annexure 1" to this report;

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

i. The Company has disclosed the impact of pending litigations on its financial position of the Group in its Consolidated Ind AS financial statements;

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

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

iv a) The management has represented that to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the the Holding Company or its subsidiary companies incorporated in India from any person or entities including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v) The Holding Company and its subsidiary companies incorporated in India has not declared or paid any dividend during the year, therefore the provisions of the section 123 of the Act is not applicable.

vi) Based on our examination which included test checks and that performed by the respective auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, the company and subsidiaries have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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, 2024 paid by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 read with schedule V of the act.

3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

Sd/-

Ashish Khandelwal
Partner
Membership No. 049278
Place: Pune
Date: 06/09/2024
UDIN: 24049278BKCETE5580

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, 2024 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, 2024, 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, 2024.

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: 06/09/2024

UDIN: 24049278BKCETE5580

ESDS Software Solution Limited
Consolidated Balance sheet as at 31st March 2024
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Notes	March 31,2024	March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,180.50	1,967.48
Right-of-use of assets	4	995.05	830.73
Intangible assets	6a	47.75	109.73
Financial Assets			
Non-current financial assets	7.a	102.28	274.94
Deferred tax Assets (net)	22	-	16.49
Other non-current assets	8	24.81	-
Total non-current assets		3,350.39	3,199.36
Current assets			
Current financial assets			
Trade receivables	9a	690.03	571.34
Unbilled Receivable	9b	515.20	314.07
Cash and cash equivalents	10	22.46	168.86
Other bank balances	11	-	30.00
Other current financial assets	7.b	576.65	304.07
Income-tax assets	12	142.38	234.93
Other current assets	13	179.97	184.33
Total current assets		2,126.70	1,807.60
Total assets		5,477.09	5,006.96
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	92.89	92.89
Other equity			
Reserves and surplus	15	2,079.75	1,963.07
Other reserves	15	86.45	49.96
Equity attributable to owners of ESDS Software Solution Limited		2,259.10	2,105.92
Non-controlling interest	41	5.99	(4.38)
Total equity		2,265.09	2,101.54
LIABILITIES			
Non-current liabilities			
Non current financial liabilities			
Non-current borrowings	16.a	731.38	929.80
Lease liabilities		933.12	558.70
Employee benefit obligations	18	121.80	91.06
Deferred tax Liability (net)	23	56.48	-
Total non-current liabilities		1,842.77	1,579.56
Current liabilities			
Current financial liabilities			
Current borrowings	16.b	759.06	718.49
Lease liabilities	4	164.49	145.20
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	19	5.72	59.78
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	227.18	217.34
Other current financial liabilities	17.a	101.20	57.38
Employee benefit obligations	18	3.13	3.08
Other current liabilities	20	108.45	124.59
Total current liabilities		1,369.23	1,325.87
Total liabilities		3,212.00	2,905.42
Total equity and liabilities		5,477.09	5,006.96

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 : 06/09/2024

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

Sd/-

Piyush Somani
Chairman and Managing Director
DIN :02357582
Place: Nashik
Date : 06/09/2024

Sd/-

Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-

Prasad Deokar
Company Secretary and Compliance officer
Membership No.: A34350
Place: Nashik
Date : 06/09/2024

Sd/-

Nadukuru Sita Ramaiah
Chief financial officer
Place: Nashik
Date : 06/09/2024

Consolidated Statement of Profit and Loss for the year ended 31st March 2024

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

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations	23	2,865.18	2,075.66
Other income	24	56.18	46.76
Total income		2,921.36	2,122.42
Expenses			
Employee benefit expense	25	850.72	770.07
Finance costs	26	315.75	259.27
Depreciation and amortisation expense	27	525.52	491.48
Other expenses	28	993.81	830.80
Total expenses		2,685.79	2,351.63
Profit before exceptional items		235.57	(229.22)
Exceptional Items			
Rates and Taxes		8.40	47.78
Penalty		4.18	
Profit before tax		222.99	(276.99)
Income tax expense			
Current tax (MAT)	21	9.10	-
Less: MAT credit entitlement	21	-	-
Prior year taxes		4.35	
Deferred tax	21	73.45	(52.39)
Total tax expense		86.89	(52.39)
Profit for the year [A]		136.10	(224.60)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation surplus on Land and Building		38.97	
Changes in the fair value of equity instruments at FVOCI			(0.26)
Remeasurement of post-employment benefit obligations		(14.08)	0.07
Income tax relating to these items		3.92	
		28.80	(0.19)
<i>Items that will be reclassified to profit or loss</i>			
Foreign exchange differences on translation of foreign operations		(6.54)	(22.79)
Total other comprehensive income for the year, net of tax [B]		22.27	(22.98)
Total comprehensive income for the year [A+B]		158.37	(247.58)
Profit is attributable to:			
Owners of ESDS Software Solution Limited		125.72	(224.53)
Non-controlling interest		10.38	(0.07)
		136.10	(224.60)
Other comprehensive income is attributable to:			
Owners of ESDS Software Solution Limited		22.27	(22.98)
Non-controlling interest		-	-
		22.27	(22.98)
Total comprehensive income is attributable to:			
Owners of ESDS Software Solution Limited		147.99	(247.51)
Non-controlling interest		10.38	(0.07)
		158.37	(247.58)
Earnings per equity share for profit attributable to owners of ESDS Software Solution Limited	29		
Basic (face value of equity shares : INR 1 per share)		1.35	(2.42)
Diluted (face value of equity shares : INR 1 per share)		1.35	(2.42)

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

In terms of our report of even date

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

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

Sd/-
Ashish Khandelwal
Partner
Membership No.: 049278
Place : Pune
Date : 06/09/2024

Sd/-
Piyush Somani
Chairman and Managing Director
DIN :02357582
Place: Nashik
Date : 06/09/2024

Sd/-
Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-
Prasad Deokar
Company Secretary and Compliance officer
Membership No.: A34350
Place: Nashik
Date : 06/09/2024

Sd/-
Nadukuru Sita Ramaiah
Chief financial officer
Place: Nashik
Date : 06/09/2024

ESDS Software Solution Limited
Consolidated Statement of Cashflows for the year ended 31st March 2024
(All amounts are in Rupees millions, unless otherwise stated)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
A) Cash flows from operating activities		
Profit before tax	222.99	(207.71)
Adjustments for		
Depreciation and amortisation expense	525.52	491.48
(Gain)/Loss on disposal of property, plant and equipment	(0.09)	0.03
Expected Credit loss allowance	55.29	43.65
Interest income classified as investing activities	(34.65)	(15.63)
Finance costs	315.75	259.27
Unrealised exchange (gain)/loss	0.69	(1.54)
Employee stock option expenses	5.18	5.44
Operating profit before working capital changes	1,090.67	569.57
Changes in working capital		
(Increase) / Decrease in trade receivables	(375.79)	2.52
(Increase) / Decrease in other current and non current financial assets	(251.27)	(6.30)
(Increase) / Decrease in other current and non current assets	(20.46)	61.13
Increase / (Decrease) in trade payables	(44.22)	10.58
Increase / (Decrease) in employee benefit obligations	16.71	6.82
Increase/ (Decrease) in other current and non current financial liabilities	57.65	(55.81)
Increase/ (Decrease) in other current and non current liabilities	(16.14)	28.74
Cash generated from operations	457.14	617.25
Income taxes paid (net of refunds received)	79.10	(71.23)
Net cash inflow/ (outflow) from operating activities	536.24	546.03
B) Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(230.45)	(361.75)
Proceeds from sale of property, plant and equipment	-	-
Bank balances not considered as cash and cash equivalents	181.34	(194.02)
Interest/ income on investment received	34.65	15.63
Net cash flows from investing activities	(14.46)	(540.14)
C) Cash flows from financing activities		
Proceeds from issue of Non-convertible debentures	-	450.00
Increase/ (decrease) of non-current borrowings	(198.42)	(176.08)
Increase/ (decrease) of current borrowings	35.85	16.33
Principal elements of lease payments	(277.71)	(281.48)
Proceeds from issue of equity share capital (including securities premium and net of refund of share application money)	-	(9.05)
Interest paid on borrowings	(229.62)	(194.44)
Net cash inflows/ (outflow) from financing activities	(669.89)	(194.73)
Net increase / (decrease) in cash and cash equivalents	(148.11)	(183.42)
Foreign currency translation impact on cash and cash equivalents	1.70	1.69
Cash and cash equivalents at the beginning of the financial year	168.86	350.60
Cash and cash equivalents at the end of the financial year	22.46	168.86

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

	March 31, 2024	March 31, 2023
Cash and cash equivalents (Note 10)	22.46	168.86
Balances as per statement of cash flows	22.46	168.86

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 : 06/09/2024

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

Sd/-
Piyush Somani
Chairman and Managing
Director
DIN :02357582
Place: Nashik
Date : 06/09/2024

Sd/-
Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-
Prasad Deokar
Company Secretary and
Compliance officer
Membership No.: A34350
Place: Nashik
Date : 06/09/2024

Sd/-
Nadukuru Sita Ramaiah
Chief financial officer
Place: Nashik
Date : 06/09/2024

A. Equity share capital
Equity shares of Rs.1 each issued, subscribed and fully paid up**

Particulars	Note	Total
As at March 31, 2022		91.57
Change in equity share capital		1.32
As at March 31, 2023		92.89
Change in equity share capital		-
As at March 31, 2024		92.89

B. Other equity

Particulars	Attributable to owners of ESDS Software Solution Limited								Non-controlling interest	Total other equity
	Equity component of compound financial instrument	Reserves and surplus				Other reserves				
		Securities premium account	Capital redemption reserve	Debenture Redemption Reserve	Retained earnings	Foreign currency translation reserve	Revaluation reserve	Share Based Payment Reserve		
As at March 31, 2022	0.00	1,414.48	3.59	30.00	448.99	(1.17)	64.17	5.45	(4.31)	1,961.18
Profit for the year	-	-	-	-	(224.53)	-	-	-	(0.07)	(224.60)
Currency translation adjustments for subsidiaries	-	-	-	-	-	(22.79)	-	-	-	(22.79)
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings	-	-	-	-	1.12	-	(1.12)	-	-	-
Other comprehensive income	-	-	-	-	(0.19)	-	-	-	-	(0.19)
Share Based Payment - Expense recognized for the period	-	-	-	-	-	-	-	5.44	-	5.44
Transferred from Retained Earnings	-	-	-	45.00	(45.00)	-	-	-	-	-
Security Premium on account of fresh issue	-	289.63	-	-	-	-	-	-	-	289.63
Equity component of compound financial instruments issued during the year	-	-	-	-	-	-	-	-	-	-
Total	-	289.63	-	45.00	(268.60)	(22.79)	(1.12)	5.44	(0.07)	47.49
As at March 31, 2023	0.00	1,704.11	3.59	75.00	180.39	(23.96)	63.05	10.89	(4.38)	2,008.68
As at March 31, 2023	0.00	1,704.11	3.59	75.00	180.39	(23.96)	63.05	10.89	(4.38)	2,008.68
Profit for the year	-	-	-	-	125.72	-	-	-	10.38	136.10
Currency translation adjustments for subsidiaries	-	-	-	-	-	(6.54)	-	-	-	(6.54)
Revaluation of land and building	-	-	-	-	-	-	38.97	-	-	-
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	-	-	-	-	(10.17)	-	-	-	-	(10.17)
Share Based Payment - Expense recognized for the period	-	-	-	-	-	-	-	5.18	-	5.18
Transferred from Retained Earnings	-	-	-	-	-	-	-	-	-	-
Security Premium on account of fresh issue	-	-	-	-	-	-	-	-	-	-
Equity component of compound financial instruments issued during the year	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	116.68	(6.54)	37.85	5.18	10.38	124.58
As at March 31, 2024	0.00	1,704.11	3.59	75.00	297.07	(30.50)	100.89	16.07	5.99	2,172.23

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 : 06/09/2024

Sd/-

Piyush Somani
Chairman and Managing Director

DIN : 02357582
Place: Nashik
Date : 06/09/2024

Sd/-

Komal Somani
Whole Time Director

DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-

Prasad Deokar
Company Secretary and Compliance officer

Membership No.: A34350
Place: Nashik
Date : 06/09/2024

Sd/-

Nadukuru Sita Ramaiah
Chief financial officer

Place: Nashik
Date : 06/09/2024

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024
(All amounts are in Rupees Millions, unless otherwise stated)

3 Property, plant and equipment

Particulars	Land	Leasehold land improvements	Buildings	Computer and data centre equipment	Office equipments	Furniture & fixture	Vehicles	Total
Opening gross carrying amount as on April 1, 2022	65.67	53.19	110.64	2,028.25	449.41	69.18	32.46	2,808.80
Additions during the year	-	-	-	224.39	3.19	0.98	2.27	230.83
Disposals during the year*	-	-	-	-	-	-	(0.74)	(0.74)
Gross carrying amount as on March 31, 2023	65.67	53.19	110.64	2,252.64	452.61	70.15	33.99	3,038.89
Accumulated depreciation till April 1, 2022	1.84	2.79	5.52	565.18	157.87	19.40	12.87	765.47
Charge for the year	0.73	0.93	2.14	191.56	61.36	7.21	4.15	268.10
Impairment of assets**	-	-	-	20.05	18.15	-	-	38.21
Accumulated depreciation on disposals during the year	-	-	-	-	-	-	(0.35)	(0.35)
Closing accumulated depreciation as at March 31, 2023	2.57	3.72	7.66	776.80	237.39	26.61	16.67	1,071.42
Net carrying amount as on March 31, 2023	63.10	49.46	102.98	1,475.85	215.22	43.54	17.32	1,967.48

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, 2023	65.67	53.19	110.64	2,252.64	452.61	70.15	33.99	3,038.89
Additions during the period	-	-	-	196.81	4.79	3.05	11.97	216.62
Reclassified from ROU	-	-	-	287.06	-	-	-	287.06
Revaluation of assets	20.04	-	21.88	-	-	-	-	41.91
Disposals during the period	-	-	-	-	-	-	(0.74)	(0.74)
Gross carrying amount as on March 31, 2024	85.70	53.19	132.52	2,736.51	457.40	73.21	45.23	3,583.76
Accumulated depreciation till April 1, 2023	2.57	3.72	7.66	776.80	237.39	26.61	16.67	1,071.42
Charge for the period	0.73	0.93	2.14	256.72	57.04	7.35	4.51	329.42
Revaluation of assets	1.01	-	1.94	-	-	-	-	2.94
Accumulated depreciation on disposals during the period	-	-	-	-	-	-	(0.53)	(0.53)
Closing accumulated depreciation as at March 31, 2024	4.30	4.65	11.74	1,033.51	294.43	33.96	20.65	1,403.26
Net carrying amount as on March 31, 2024	81.40	48.53	120.78	1,703.00	162.97	39.24	24.58	2,180.50

Additional Disclosures:

- The Group has elected to apply the revaluation model to its specified class of assets i.e. Land and Building of Property, Plant, and Equipment (PPE) as permitted by Ind AS 16 - Property, Plant and Equipment. Under this model, certain classes of PPE are carried at revalued amounts, reflecting fair values determined by market-based evidence at the date of revaluation.
- The revaluation of Land and Building was conducted as of 12/04/2024, in accordance with the requirements of Indian Accounting Standard (IND AS) 16, "Property, Plant, and Equipment.
- The revaluation was conducted by "Sunil Bhor and Associates" Govt. Registered Valuer, a reputable and independent valuation firm, appointed based on their expertise and in compliance with the guidelines outlined in
- In the absence of revaluation, the carrying amount of Land and Building would be Rs. 62.37 million and Rs. 100.84 million recognized at historical cost less accumulated depreciation and impairment losses.
- The revaluation surplus resulting from the revaluation of PPE has been recognized in Other Comprehensive Income. For the current period, revaluation surplus amounts to Rs. 38.96 million reflecting the difference between the fair value and the carrying amount of the revalued assets

ESDS Software Solution Limited

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024

(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 31,2024

Particulars	Premises	Server	Amount
Balance as on March 2022	477.25	373.66	850.90
Addition	92.88	-	92.88
Modification/Rectification	6.37	4.50	10.87
Amortisation	(70.97)	(52.95)	(123.93)
Balance as on March 2023	505.52	325.21	830.73
Addition	348.40	237.10	585.50
ROU transferred to PPE on buyout option*	-	(287.06)	(287.06)
Amortisation	(72.50)	(61.61)	(134.12)
Balance as on March 2024	781.42	213.63	995.05

* During the year the holding company exercised its purchase option on a Right-of-Use (ROU) asset as per the terms outlined in the relevant lease agreements. This exercise of the purchase option resulted in a reclassification of the ROU asset to Property, Plant, and Equipment, in accordance with Indian accounting standards 16 & 116. The carrying amount of the ROU asset transferred to Property, Plant, and Equipment as on the date of exercise of purchase option in the relevant lease agreements is Rs. 287.06 million. This exercise of the purchase option has been accounted for in accordance with the company's accounting policies and applicable Indian accounting standards.

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, 2024	March 31, 2023
Non-current	933.12	558.70
Current	164.49	145.20
Total	1,097.61	703.90

The following is the movement in lease liabilities during the Year ended March 31, 2024

Particulars	March 31, 2024	March 31, 2023
Balance as at beginning of the reporting period	703.90	813.31
Additions during the year	585.28	92.88
Modification/Rectification	-	10.89
Finance cost accrued during the period	86.13	68.31
Payment of lease liabilities	(277.71)	(281.48)
Balance as at end of the reporting period	1,097.61	703.90

Payment of lease liabilities

Particulars	Premises	Equipments	Amount
For the Year ended March 31,2024	141.27	136.43	277.71
For the Year ended March 31,2023	101.09	180.39	281.48

The lessee's range of weighted average incremental borrowing rate applied to the lease liabilities was 9.50%.

The leases mainly comprises of DC premises,office premises, equipments and servers

Details Regarding contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis are as follows :

Particulars	March 31,2024	March 31,2023
Less than One year	260.59	201.77
One to Five years	1,022.98	461.53
More than Five years	167.04	292.03
Total	1,450.60	955.33

ESDS Software Solution Limited

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024

(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, 2022	0.70
Additions	-
Disposals	0.70
Gross carrying amount as on March 31, 2023	-

Particulars	Capital work-in-progress
Opening gross carrying amount as on April 1, 2023	-
Additions	-
Disposals	-
Gross carrying amount as on March 31, 2024	-

Notes:

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

ESDS Software Solution Limited**Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024***(All amounts are in Rupees millions, unless otherwise stated)***6a Intangible assets**

Particulars	Software
Opening gross carrying amount as on April 1, 2022	204.79
Additions during the period	6.45
Add: Transfer from Intangible assets under development	-
Gross carrying amount as on March 31, 2023	211.24
Accumulated Amortisation	
Balance as at April 1, 2022	40.26
Amortisation charge for the year	61.26
Accumulated amortisation on disposals during the year	-
Closing accumulated depreciation as at March 31, 2023	101.51
Net carrying value as on March 31, 2023	109.73

Particulars	Software
Opening gross carrying amount as on April 1, 2023	211.24
Additions during the period	
Add: Change due to foreign currency translation	-
Add: Transfer from Intangible assets under development	-
Gross carrying amount as on March 31, 2024	211.24
Accumulated Amortisation	
Balance as at April 1, 2023	101.51
Amortisation charge for the period	61.98
Accumulated amortisation on disposals during the period	-
Closing accumulated depreciation as at March 31, 2024	163.50
Net carrying value as on March 31, 2024	47.75

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024
(All amounts are in Rupees Millions, unless otherwise stated)

Particulars		As at March 31, 2024	As at March 31, 2023
7.a	Non-current financial assets		
	* Term deposits with maturity more than 12 months from reporting date	58.81	210.28
	Accrued interest on above deposits	0.13	-
	Other receivables (TDS reimbursements)	5.75	1.94
	Security deposits	37.60	62.72
	Total non-current financial assets	102.28	274.94
7.b	Other current financial assets		
	* Term deposits with maturity of less than 12 months from reporting date	499.51	249.91
	Accrued interest on above term deposits	6.93	1.45
	Security deposit	41.40	23.44
	Other loans and advances	4.29	17.14
	Less: Loss allowance	(4.09)	(16.94)
	** Other receivables	28.60	29.06
	Total other current financial assets	576.65	304.07

* Term deposits amounting to Rs. 58.81 millions (Rs. 210.28 millions as on 31st March, 2023) in Non current financial assets out of which Rs. 52.38 millions (Rs. 202.45 millions as on 31st March, 2023) have been lien marked and Term Deposits amounting to Rs. 499.51 millions (Rs. 249.91 as on 31st March, 2023) in Other current financial assets out of which Rs. 472.86 millions (Rs. 237.56 million as on 31st March, 2023) have been liened against Bank guarantee and loans taken from bank. This lien serves as a collateral to secure the repayment of borrowed funds. The liened term deposits classified as a restricted assets, reflecting their encumbrance and limited availability for other purposes.

** The Company has incurred share issue expenses of INR 74.39 million as at December 03, 2022 (DRHP Expiry date) 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 period, the selling shareholders had agreed that the expenses incurred by the Company till date (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) amounting to Rs.25.62 millions, 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. In the event that the offer is postponed or withdrawn or abandoned for any reason or in the event the Offer is not successfully completed, all the expenses in relation to the Offer shall be borne by company and selling shareholders in accordance to the proportionate basis as above. The proposed public offer of equity shares is not successfully completed and hence the company share of expenses have been written off to the profit and loss account and selling shareholders proportionate share have been kept in Other receivables.

8 Other non-current assets

Particulars		As at March 31, 2024	As at March 31, 2023
	Capital advances	24.81	-
	Less: Loss allowance	-	-
	Total other non-current assets	24.81	-

9a Trade receivables

Particulars		As at March 31, 2024	As at March 31, 2023
	Trade receivables from others	918.06	736.67
	Less: Loss allowance	(212.38)	(149.68)
	Less: credit impaired	(15.65)	(15.65)
	Total trade receivables	690.03	571.34
	Break-up of security details		
	Trade receivables (unsecured)		
	Considered good	902.41	721.02
	Significant increase in credit risk	15.65	15.65
	Less: Loss allowance	(212.38)	(149.68)
	Less: credit impaired	(15.65)	(15.65)
	Total trade receivables	690.03	571.34

*For ageing schedule refer note no: 43

9b Unbilled Receivable

Particulars		As at March 31, 2024	As at March 31, 2023
	Unbilled Revenue	515.20	314.07
	Total Unbilled Revenue	515.20	314.07

10 Cash and cash equivalents

Particulars		As at March 31, 2024	As at March 31, 2023
	Balances with banks	22.17	98.47
	Cash on hand	0.29	0.29
	Term deposits with maturity with less than 3 months	-	100.09
	Lien marked Term deposits with maturity less than 3 months	-	(30.00)
	Total cash and cash equivalents	22.46	168.86

11 Other bank balances

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked balances with bank*		
Lien marked Term deposits with maturity less than 3 months	-	30.00
Total other bank balances	-	30.00

*** Earmarked balances with bank**

- Term deposits having original maturity of less than 3 months amounting to Rs. 100.09 millions out of which Rs. 30.00 millions have been liened against loans taken from bank as at 31st March, 2023. These Fixed deposits are not readily convertible into cash hence classified under other bank balances instead of cash and cash equivalents.

12 Income-tax assets

Particulars	As at March 31, 2024	As at March 31, 2023
Advance tax and tax deducted at source (net of provision)	142.38	234.93
Total income-tax assets	142.38	234.93

12.a Movement in income-tax assets

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	234.93	163.70
Tax charge during the year	(9.10)	-
Tax charge in respect to earlier years	(4.35)	
Demand adjustment against refund	(23.60)	
Refund of taxes	(223.96)	(62.89)
Payment of advance tax/tax deducted at source during the year	168.45	134.12
Closing balance	142.38	234.93

13 Other current assets

Particulars	As at March 31, 2024	As at March 31, 2023
Prepayments	118.48	135.78
Advances to creditors	9.12	5.04
Advances to employees	1.19	0.96
Balances with statutory / government authorities	51.18	9.32
Prepaid Contract fulfillment costs	-	33.23
Total other current assets	179.97	184.33

14 Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised share capital:		
11,50,00,000 (2023 : 11,50,00,000) equity shares of Rs 1 each	115.00	115.00
31,50,000 (2023: 31,50,000) 0.01% compulsory convertible preference shares of Rs 100 each	315.00	315.00
2,00,000 (2023:2,00,000) 16% compulsory convertible preference shares of Rs 100 each	20.00	20.00
10,00,000 (2023: 10,00,000) 0.01% compulsory convertible preference shares of Rs 10 each	10.00	10.00
Total	460.00	460.00
Issued, subscribed and paid up :		
Equity share capital		
9,28,94,185 (2023: 9,28,94,185)equity shares of Rs 1 each fully paid up	92.89	92.89
Total	92.89	92.89

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

Particulars	As at March 31, 2024	As at March 31, 2023
Shares outstanding at the beginning of the period	92,894,185	91,571,685
Add: Fresh issue*	-	1,322,500
Shares outstanding at the end of the period	92,894,185	92,894,185

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
Equity share capital outstanding at the beginning of the period	92.89	91.57
Add : Fresh issue	-	1.32
Equity share capital outstanding at the end of the period	92.89	92.89

(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 31, 2024		As at March 31, 2023	
	% holding	No. of shares	% holding	No. of shares
Piyush Somani	28.91%	26,852,696	28.91%	26,852,696
PO Somani Family Trust	24.19%	22,467,478	24.19%	22,467,478
Sarla Somani	2.02%	1,874,910	2.02%	1,874,910
SAGF II Holdings LLC	10.23%	9,506,036	10.23%	9,506,036
South Asia Growth Fund II, L.P. (SAGF)	22.30%	20,714,896	22.30%	20,714,896
GEF ESDS Partners, L.L.C. (GEPL)	8.16%	7,584,133	8.16%	7,584,133
EsdS Employee Benfit Trust	2.56%	2,382,094	2.56%	2,382,094
Total number of shares		92,894,185		92,894,185

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

Promoter Name	Shares held by promoters at the end of the period		% change during the period
	No. of shares	% of total shares	
Piyush Somani	26,852,696	28.91%	0.00%

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

15 Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
		-
I. Reserves and surplus		
Retained earnings	297.07	180.39
Securities premium	1,704.10	1,704.10
Capital redemption reserve	3.58	3.58
Debenture redemption reserve	75.00	75.00
Total reserves and surplus	2,079.75	1,963.07
(i) Retained earnings		
Opening balance	180.39	448.98
Profit for the Year attributable to shareholders of the company	125.72	(224.53)
Other comprehensive income attributable to shareholders of the company	(10.17)	(0.19)
Add/Less:		
Transfer to debenture redemption reserve	-	(45.00)
Adjustment of additional depreciation on increase in carrying value due to fair valuation	1.12	1.12
Total retained earnings	297.07	180.39
(ii) Securities premium		
Opening balance	1,704.10	1,414.48
Add: Premium on issue of equity shares		289.63
Add: on account of conversion of preference shares		
Total securities premium	1,704.10	1,704.10
(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	75.00	30.00
Add: Transfer from retained earnings	-	45.00
Total debenture redemption reserve	75.00	75.00
III. Other reserves		
i) Foreign currency translation reserve		
Opening balance	(23.97)	(1.17)
Add : Currency translation adjustments for subsidiaries	(6.54)	(22.79)
Total foreign currency translation reserve	(30.50)	(23.97)
ii) Revaluation reserve		
Opening balance	63.04	64.16
Add: revaluation of land and building	38.97	
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	100.89	63.04
(ii) Share based payment reserve		
Opening balance	10.89	5.45
Expense recognized for the year	5.18	5.44
Total share based payment reserve	16.07	10.89
Total other reserves	86.45	49.96
Total equity	2,166.20	2,013.04

II) Nature and purpose of reserves

a) Securities premium

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

b) Capital Redemption Reserve

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

c) Debenture Redemption Reserve

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

d) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

e) Revaluation Reserve

Revaluation reserve have been created on account of revaluation of land and building, adjusted with additional 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, 2024	As at March 31, 2023
Secured Non-Convertible Debentures		
750 Non Convertible Debentures (FV=10,00,000 each)**	750.00	750.00
Add:Accrued amount	56.61	17.88
Secured:		
Term loans		
From banks	192.00	307.57
From financial institutions	17.16	70.55
Vehicle loans from banks	16.67	9.32
Total	1,032.44	1,155.33
Less : Current maturities of long term debts	(301.06)	(225.53)
Total non - current borrowings	731.38	929.80

**Company have issued 750 Unlisted,secured,readmable, Non Convertible Debentures having face value of 10,00,000 each to Piramal Structred Credit Opportunities Fund in October 2022 till the final redemption date i.e the date which is 84 months from the effective date or the date on which all the Debenture secured obligation are fully paid. Coupon shall be 10% per annum compounded and payable monthly on and from the closing date untill the debenture final settlement date.The company have agreed to meet the investor return which shall be equivalent to 15.5% p.a for the first two years and 15% thereafter untill the debenture final settlement date. (refer footnote 17 for security details)
Accrued amount shall mean the difference between Investor return and coupon paid for initial period of 24 months from the closing date.

16.b Current borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Secured:		
Demand loans from banks	121.95	204.81
Current maturities of long-term debts	301.06	225.53
Unsecured:		
From Others	336.04	288.16
Total current borrowings	759.06	718.49

17.a Other current financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Capital creditors**	14.63	28.46
Accrued employee liabilities		
Related parties [refer note 32]	-	-
Others	74.63	16.76
Interest accrued but not due on borrowings	0.22	0.60
Other payables	11.71	11.56
Total other current financial liabilities	101.20	57.38

** 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.

18 Employee benefit obligations

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Gratuity [refer note:34]	76.81	51.61
Compensated absences	44.99	39.45
Total non-current obligations	121.80	91.06
Current		
Gratuity [refer note 34]	1.64	1.59
Compensated absences	1.49	1.49
Total current obligations	3.13	3.08

Gratuity

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

19 Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
Micro and small enterprises (refer note 38)	5.72	59.78
Related parties [refer note 33]	-	-
Others	198.29	188.24
Provision for expenses	28.89	29.10
Total trade payables	232.91	277.12

*Refer note no 42 for ageing schedule

** Out of Rs.198.29 millions, Rs. 40.68 millions are disputed.

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

Sr.No.	Details of dues to micro and small enterprises as defined under the MSMED Act, 2006	March 31, 2024	March 31, 2023
1	Principal amount due to suppliers registered per the MSMED Act and remaining unpaid as at year end	5.72	59.78
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.55	2.64
3	Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during during the year	-	-
4	Amount of interest due and payable for the period of delay in making payments but without adding interest specified under MSMED Act, 2006	-	-
5	The amount of interest accrued and remaining unpaid at the end of year	0.05	2.64
6	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	0.50	-

20 Other current liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory liabilities	61.89	21.52
Advance from customers	4.36	6.12
Unearned revenue	42.17	96.91
Unpaid dividend on Preferences Shares	0.04	0.04
Total other current liabilities	108.45	124.59

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024
(All amounts are in Rupees millions, unless otherwise stated)

Footnotes to note 16.

As at 31st March 2024

Sr. No	Name of the bank	Type of Facility	O/s amount as period ended	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	158.25	upto 3 years	Ranging from 8.75% to 8.80%	Primary – First pari passu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1.First pari passu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2.First pari passu charged with Indusind INR 113.00 Mn 3.Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Passu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4.PG Piyush Somani & Sarla Somani
2	Axis Bank Ltd.	Open Cash Credit	-	On demand	8.75%	Primary – First pari passu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1. First pari passu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2. First pari passu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Passu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4. Personal Guarantee of the Piyush Somani & Sarla Somani
3	Axis Bank Ltd.	Overdraft against fixed deposit	50.31	On demand	7.50%	Primary: First and exclusive charge on the fixed deposit . Lien on Fixed Deposits of Rs 50 millions
4	State Bank of India	Overdraft against fixed deposit	66.03	On demand	7.70%	Primary: First and exclusive charge on the fixed deposit . Lien on Fixed Deposits of Rs 75 million
5	Clix Finance India Private Limited	Equipment Loan	-	-	12.50%	Primary: First and exclusive charge on the equipment financed by the lender. Lien on Fixed Deposits of Rs 2.97 million
6	SIDBI*	RLOC (Long Term Loans)	1.98	upto 8 months	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 favours of SIDBI on cash flows generated from orders to be routed through designated escrow account 1st charge in favours of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness. Extension of 1st charge by way hypothecation in favour of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI 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/FIPI remaining unpaid POA in favour of SIDBI for creation of residual charge in favour of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007.
7	Tata Capital Financial Services	Equipment Loan	15.18	upto 8 months	Ranging from 10.25% to 12.55%	Primary: Plant and Machinery purchased out of Term Loan Lien on Fixed Deposits of Rs 7.01 million The Debenture Secured Obligations in respect of the Debentures and the performance by the Issuer of its obligations in relation thereto, shall be secured by creation and perfection of the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders, in the following manner:
8	Piramal Structured Credit Opportunities Fund	Non-Convertible Debentures (including accrued amount for IRR thereof)	806.61	5 years 9 months	Coupon rate 10% p.a., IRR equivalent to 15.5% p.a for first 2 years and 15% there after	1. Second charge over all the immovable assets (present & future) of the Issuer 2. Second charge over all movable fixed assets (present & future) of the Issuer; 3. Second charge over all present and future movable assets of the Issuer (present and future); 4. Second charge over all current assets (present & future) of the Issuer; 5. Second charge on the cash flows of the Issuer, both present and future; and 6. Second charge over all the patented technology and patented products of the Issuer; and 7. Personal Guarantee of the Piyush Somani & Sarla Somani
9	Kotak Mahindra Prime Limited	Vehicle Loan	2.82	upto 2 months	9.19%	Primary: Vehicle Purchased out of Loan
10	ICICI Bank Limited	Vehicle Loan	1.03	8 months	8.25%	Primary: Vehicle Purchased out of Loan
11	Indusind Bank Limited	Term Loans	33.75	2 years 6 months	9.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-passu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-passu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, 2. First pari passu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
10	Indusind Bank Limited	Cash Credit	5.61	On demand	8.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-passu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-passu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, 2. First pari passu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
12	HDFC Bank Ltd	Vehicle Loan	1.84	36 months	8.30%	Primary: Vehicle Purchased out of Loan
13	ICICI Bank Limited	Vehicle Loan	10.97	Upto 60 months	9.10 to 9.15%	Primary: Vehicle Purchased out of Loan
14	South Asia Growth Fund II Holdings	Unsecured Loan	336.04	On demand	14.00%	Corporate guarantee of holding company
	Total		1,490.44			

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As at 31st March, 2023

Sr. No	Name of the bank	Type of Facility	O/s amount	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd.	Term Loans	258.82	upto 3 years 9 months	Ranging from 8.75% to 8.80%	Primary – First pari passu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1.First pari passu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2.First pari passu charged with Indusind INR 113.00 Mn 3.Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Passu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4.PG Piyush Somani & Sarla Somani
2	Axis Bank Ltd.	Open Cash Credit	157.36	On demand	8.75%	Primary – First pari passu charge on entire current Asset of the company both present and future excluded charged to SIDBI Collateral – 1. First pari passu charge with Indusind on land and building of the company, situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 2. First pari passu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 10Mn Common Collateral (for all the facilities) - Pari Passu charge with Indusind on – Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Satpur, MIDC, Nashik, Maharashtra – 422007 4. Personal Guarantee of the Piyush Somani & Sarla Somani
3	Chix Finance India Private Limited	Equipment Loan	6.26	8 months	12.50%	Primary: First and exclusive charge on the equipment financed by the lender. Lien on Security Deposits of Rs 2.97 million
4	SIDBI*	RLOC (Long Term Loans)	7.86	upto 1.5 years	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 favours of SIDBI on cash flows generated from orders to be routed through designated escrow account 1st charge in favours of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness. Extension of 1st charge by way hypothecation in favour of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI 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 favour of SIDBI for creation of residual charge in favour of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik – 422007.
5	Tata Capital Financial Services	Equipment Loan	56.44	upto 1.5 years	Ranging from 10.25% to 12.00%	Primary: Plant and Machinery purchased out of Term Loan Lien on Fixed Deposits of Rs 7.01 million The Debenture Secured Obligations, in respect of the Debentures and the performance by the Issuer of its obligations in relation thereto, shall be secured by creation and perfection of the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders, in the following manner: 1. Second charge over all the immovable assets (present & future) of the Issuer 2. Second charge over all movable fixed assets (present & future) of the Issuer; 3. Second charge over all present and future movable assets of the Issuer (present and future); 4. Second charge over all current assets (present & future) of the Issuer; 5. Second charge on the cash flows of the Issuer, both present and future; and 6. Second charge over all the patented technology and patented products of the Issuer; and 7. Personal Guarantee of the Piyush Somani & Sarla Somani
6	Primal Structured Credit Opportunities Fund	Non-Convertible Debentures (including accrued amount for IRR thereof)	767.88	6 years 3 months	Coupon rate 10% p.a., IRR equivalent to 15.5% p.a for first 2 years and 15% there after	
7	Kotak Mahindra Prime Limited	Vehicle Loan	4.35	upto 8 months	9.19%	Primary: Vehicle Purchased out of Loan
8	ICICI Bank Limited	Vehicle Loan	2.69	17 months	8.25%	Primary: Vehicle Purchased out of Loan
9	Indusind Bank Limited	Term Loans	48.75	3 years 3 months	9.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-passu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-passu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, 2. First pari passu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
10	Indusind Bank Limited	Cash Credit	47.45	On demand	8.60%	Primary: 1. DSRA for Term Loan equivalent to 5.5 Mn 2. Movable Fixed Asset- Exclusive charge on entire movable fixed asset financed by Indusind bank 3. First pari-passu charge on entire movable fixed asset excluding those financed by Axis Bank 4. Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with Axis Bank excluding receivables charged to SIDBI Collateral: 1. Land & building First pari-passu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, 2. First pari passu charged with Indusind INR 113.00 Mn 3. Exclusive charge on FD of Rs. 25Mn 4. Exclusive charge on Key man Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank. 5. Personal Guarantee of the Piyush Somani & Sarla Somani
10	HDFC Bank Ltd	Vehicle Loan	2.28	42 months	8.30%	Primary: Vehicle Purchased out of Loan
11	South Asia Growth Fund II Holdings	Unsecured Loan	288.16		14.00%	Corporate guarantee of holding company
			1,648.29			

21 Income tax expense

Particulars	As at March 31, 2024	As at March 31, 2023
Current tax	9.10	
Prior year taxes	4.35	-
MAT Credit entitlement	-	-
Deferred tax	73.45	(52.39)
Income tax expense	86.89	(52.39)
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expenses	222.99	(276.99)
Tax at the Indian tax rate of 27.82% (FY 2021-22 - 27.82%)	62.04	(77.06)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure not allowed under taxation and Donation		
Other comprehensive income	3.92	0.07
Loss from foreign subsidiaries	13.46	19.34
Others	7.47	5.26
Total	24.85	24.67
Net current tax expenses recognised in Statement of Profit & Loss	86.89	(52.39)

22 Deferred tax (net)

(a) Income tax expense

Particulars	As at March 31, 2024	As at March 31, 2023
Net Deferred tax (assets)/liabilities**	56.48	(16.49)
Deferred tax assets/liabilities arise from the following:		
Tax credits available:		
MAT credit receivable	62.04	62.04
Mat credit receivable ESDS Internet Services Private Limited	1.10	3.21
Deferred tax assets- ESDS Internet Services Private Limited	1.06	4.71
Provision for doubtful debts, doubtful loans and advances	-	-
Deferred tax assets		
Gratuity & compensated absences	37.76	24.74
Provision for doubtful debts, doubtful deposits and capital advance	63.35	45.95
Provision for Interest payable	-	-
Lease liabilities	305.36	195.83
Income tax business loss setoff	53.01	154.45
Impairment of assets	-	10.63
	523.68	501.56
Deferred tax liability		
PP&E depreciation and intangible amortization	304.64	253.96
Right use of assets	275.51	231.11
Others		
	580.15	485.07

**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, 2024	As at March 31, 2023
Opening deferred tax (assets) / liabilities	(16.49)	36.15
Mat credit entitlement	2.11	(0.21)
Gratuity and compensated absences	(9.38)	(0.71)
Provision for doubtful debts, doubtful deposits and capital advance	(17.40)	1.65
Disallowances under Sec 40(a) of the Income Tax Act 1961	-	-
Lease liabilities	(109.53)	30.44
Right use of assets	44.40	(5.61)
Income tax business loss setoff	101.44	(63.31)
PP&E depreciation and intangible amortization	50.68	(11.92)
Impairment of assets	10.63	(2.95)
Others	-	-
Closing deferred tax liability after set off	56.48	(16.49)

23 Revenue from operations

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Sale of services		
Cloud hosting and managed services	2,770.63	1,988.20
Technical support services	94.55	87.47
Total revenue from operations	2,865.18	2,075.66

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, 2024	Year ended March 31, 2023
Contract price		
Adjustments for:	2,392.15	1,858.51
Unbilled revenue	515.20	314.07
Unearned revenue	(42.17)	(96.91)
Revenue from operations	2,865.18	2,075.66

24 Other income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest:		
Deposits with banks	34.65	15.26
Income tax refund	12.11	5.63
Others	-	0.37
Profit on sale of assets	0.09	-
Unwinding of discount on security deposits	2.25	3.63
Amount Written Back	2.00	6.15
Other non-operating income	5.08	15.72
Total other income	56.18	46.76

25 Employee benefit expense

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	770.64	690.84
Contribution to provident and other funds	26.22	23.05
Gratuity [refer note:33]	15.75	13.95
Compensated absences	12.66	14.18
Employee stock option scheme	5.18	5.44
Other employee related costs	20.27	22.62
Total employee benefit expense	850.72	770.07

26 Finance costs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest expense:		
Borrowings	219.66	181.59
Lease liabilities	86.13	68.31
Others	-	-
MSME	0.55	-
Other borrowing costs	3.63	5.76
Bank charges	5.77	3.61
Total finance costs	315.75	259.27

27 Depreciation and amortization expense

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation of property, plant and equipment	329.42	268.10
Amortisation of intangible assets	61.98	61.26
Amortisation of right-of-use asset	134.12	123.93
Impairment of assets	-	38.21
Total depreciation and amortisation expense	525.52	491.48

28 Other expenses

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Contract fulfillment costs	123.79	-
Project servicing cost	159.97	146.71
Rental charges	10.35	4.07
Office expenses	4.61	3.49
Travel and conveyance	32.21	27.34
Communication expenses	86.47	116.73
Contract labour charges	56.55	60.61
Corporate social responsibility expenditure [Refer note no:40]	0.32	2.21
Donations	-	0.25
Rates and taxes	5.92	4.65
Directors sitting fees	2.24	2.00
Legal and professional charges	73.89	85.51
Loss on sale of asset (net)	-	0.03
Commission/Brokerage	20.33	17.46
Insurance	13.84	10.27
Advertisement and sales promotion	21.55	13.93
Power and fuel charges	137.69	91.68
Repairs and maintenance:	-	-
Computers	0.95	1.80
Others	12.30	11.23
Membership and subscription charges	164.25	127.44
Expected credit loss allowance [refer note no : 35]	55.29	43.65
Foreign exchange fluctuation loss (net)	0.69	(1.54)
Payment to auditors [refer note below]	2.52	2.43
IPO Expenses Written Off	-	48.77
Miscellaneous expenses	8.09	10.06
Total other expenses	993.81	830.80

Payment to auditors

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
As auditor		
Statutory audit fee	1.80	1.80
Tax audit fee	0.30	0.15
Transfer pricing audit fees	0.25	0.15
In other capacity		
Fees for other services	0.17	0.33
Total payment to auditors	2.52	2.43

29 Earnings per share

a) Earnings per share

Particulars	March 31, 2024	March 31, 2023
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company (in Millions)	125.72	(224.53)
Weighted average number of equity shares	92,894,185	92,738,384
Basic earnings per share	1.35	(2.42)
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company (in Millions)	125.72	(224.53)
Weighted average number of equity shares (including potential shares)	92,894,185	92,738,384
Diluted earnings per share	1.35	(2.42)

b) Profit reconciliation

Particulars	March 31, 2024	March 31, 2023
(i) Basic earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share	125.72	(224.53)
(ii) Diluted earnings per share		
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share:	125.72	(224.53)
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	125.72	(224.53)

(c) Weighted average number of shares used as denominator

Particulars	March 31, 2024	March 31, 2023
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	92,894,185	92,738,384
Weighted average number of equity shares and potential shares used as the denominator in calculating diluted earnings per share	92,894,185	92,738,384

30 Contingencies and commitments

i) Capital commitments

Particulars	March 31, 2024	March 31, 2023
Estimated amount of contracts remaining to be executed on capital account (net of advances)	6.38	29.59

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

Particulars	March 31, 2024	March 31, 2023
Claims against the company not acknowledged as debts		
Indirect tax matters [Refer ii (a) ,(c)]	19.36	10.84
Other matters [Refer iii (c)]	2.62	2.62
Department of telecommunication	60.07	43.93
Guarantees excluding financial guarantees		
Performance Bank guarantees given to customers	420.21	396.30
Other money for which the company is contingently liable		
Income tax matters [Refer i (a),(b)]	-	96.34
Indirect tax matters [Refer ii (b),(d),(i)]	127.23	130.00
Total	629.49	680.03

i) **Direct Tax Related Matters**

- a) In May 2023, The company has received demand notices u/s 156 of Income Tax Act, 1961 for reassessment proceedings for Assessment Year (AY) 2016-17 and AY 2017-18. According to the demand notices, an amount of Rs.18.93 million is payable for AY 2016-17, and an amount of Rs.77.41 million is payable for AY 2017-18. In response to these demands, the company is filing an appeal before the Commissioner of Income-tax Appeal (CIT(A)) for both the years. In December 2023, AO recovered 15% of the demand from refund due for AY 2022-23 along with Interest under section 234D amounting to Rs. 23.60 millions. However, on March 18,2024 Bombay High court passed the decision in favour of the company and hence no contingent liability against the same.
- b) The company has received show cause notice for late payment/ short payment of TDS for Assessment Year (AY) 2017-18 to AY 2019-20. Also, being principal officer of the company at the time of default, prosecution proceedings u/s 276B of Income Tax Act, 1961 initiated against the directors of the company. The Company have filed for compounding application. Since the final demand order is pending, the specific liability related to this contingent matter has not been recognized or disclosed in the financial statements at this time. The company will continue to monitor the progress of the compounding application and will make appropriate disclosures and provisions once the final demand order is received.

ii) **Indirect Tax Related Matters**

- a) Company have received demand notice under section 32 of MVAT Act,2002 for FY 2016-17, FY 2017-18, FY 2013-14 and FY 2014-15 amounting to Rs.7.00 millions, Rs. 3.84 millions, Rs.1.91 millions and Rs 4.35 millions respectively, for which company has filed an appeal against the same and management believes that such claim is not tenable.
- b) In September 2022, company has received a intimation of liability under section 73(5) in Form GST DRC-01A of Rs. 72.56 millions for FY 2017-18 pursuant to investigation carried by JCST(Nashik Division) on 19.01.2020. However company have received the final order for Rs. 32.76 millions on July 07,2023.
- c) The Company has received ASMT 10 notice from department of GST- Maharashtra u/s 61 for the FY 2017-18, regarding Disallowance of ITC claimed amounting to INR 2.26 million. However company have filed an appeal against the same.
- d) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2020 communicated by JCST (Nashik Division, Nashik). GST department have visited the place of business of ESDS on 19.01.2020 have taken many records and statements along with them, basis there finding they have issued a notice for various different tax concerns. On 25/01/2024 company have received the final demand notice of Rs.11.56 millions for FY 2018-2019
- e) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 Interest Rs. 14.89 millions and Penalty of Rs. 3.72 millions total Demand of Rs. 18.61 millions in the matter of purchases made from Infotech Systems & Technologies for FY-2019-20 for incorrect availment of input tax credit.Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax for the similar cases.
- f) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 Interest Rs. 1.27 millions and Penalty Rs. 0.53 millions, Total Demand of Rs. 1.80 millions in the matter of purchases made from Infotech Systems & Technologies for FY-2020-21.Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax for the similar cases.
- g) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 GST Tax Rs. 0.55 millions -, Interest Rs. 1.10 millions and Penalty Rs. 0.91 million, total Demand of Rs. 2.56 millions- in the matter of purchases made from Neptune Traders for FY-2020-21.Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax for the similar cases.
- h) Report of Investigation visit paid at POB of M/s. ESDS Software Solution Pvt Ltd on 19.01.2021 GST Tax Rs. 11.66 millions/-, Interest Rs. 8.57 millions /- and Penalty Rs. 11.66 millions /- total Demand of Rs. 31.89 millions /- in the matter of purchases made from Netvista Venture Ltd for FY-2019-20.Process of dropping proceeding is under process as submission already given to Deputy Commissioner of State Tax.
- i) The audit proceedings u/s 65 (6) of MGST act were initiated. Notice in form GST ADT-01 dated 13.01.2023 were received to furnish the required books of account and records for the period of FY-2019-20. The Company has received Demand Notice in form GST ADT-02 dated 09/05/2024 for Rs.230.89 millions. Company have received the final demand order on 08/08/2024 amounting to Rs. 82.91 millions.

iii) **Other Matters**

- a) In 2019, arbitration proceedings against the suit initiated by Trigyn 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. Company have received an Arbitration final order where in the decision is in favour of the company and no liability against the same on company.
- b) In 2022, Mr Rajeev Papneja an ex-employee of the company has filed the petition in Bombay high court alleging that an oral contract was agreed with the company for issuance of certain number of shares under ESOP owing to services rendered by him to the company, claim amounting to Rs. 184.80 millions. The company has filed an application before the Bombay high court challenging its jurisdiction to adjudicate the matter. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.
- c) In Feb 2022, Company has received a legal notice from Sara Infoway ITES India for non-payment of outstanding dues of Rs. 15.38 millions (including interest @ 18% p.a. of Rs 2.34 millions/-). Additionally, an amount of Rs. 0.30 millions /- is being sought as advocate fee for serving the legal notice. As per books of accounts of the Company, outstanding dues of Rs. 13.06 millions are being reflected. As of now, the company is carefully reviewing the vendor's claims and assessing its legal obligations in this matter. The company is actively exploring options for resolving the dispute, which may include negotiations, seeking legal advice, or pursuing a settlement to mitigate any financial impact.

31 (a) Related party names

Related Party	Relation
<u>Para 9(a)(ii): Individuals having Significant influence over Reporting Entity(RE)</u>	
Piyush Somani	Chairman and Managing Director
<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)
Nadukuru Sita Ramiah	Chief Financial Officer (From 31st October 2022)
Aniket Khandelwal	Compliance Officer and Company Secretary (From August 6, 2021 till 15th June 2022)
T.G. Dhandapani	Independent Director (from July 27,2021)
A. V. Ramesh Kumar	Independent Director (from July 27,2021 ; till 18th January 2023)
Pamela Kumar	Independent Director (from July 27,2021)
Uma Mandavgane	Independent Director (from July 27,2021 ; till 20th May 2022)
Venkatesh Natrajan	Independent Director (from July 01,2023)
Prasad Deokar	Compliance Officer and Company Secretary (From 13th July 2022)
<u>Para 9(b)(i): Entities that are parent, subsidiarv, 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 patner
Resvera Wines Limited	Komal Somani: Director
Esds Employee Benefit Trust	Post-employment benefit plan of ESDS Software solution limited

31(b)(I) Nature of transactions and amounts

Nature of transactions	KMP		Relatives of KMP		Individuals having control over another entity	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Salaries and allowances	7.48	4.48	2.33	2.11	-	-
Director remuneration	12.96	10.70	-	-	-	-
Loan given/(recovered)-net	-	-	-	-0.08	-	-
Operating and other expenses	-	0.02	-	-	-	0.34
Sales of services	-	-	-	-	-	0.07
Director sitting fees	2.01	2.00	-	-	-	-
Total	22.45	17.20	2.33	2.03	-	0.41

II Outstanding receivable/(payable) balances

Nature of transactions	KMP		Relatives of KMP		Individuals having control over another entity	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Payables towards salary / managerial remuneration	1.81	-	0.35	-	-	-

III Compensation to KMP

Particulars	2023-24	2022-23
Short term employee benefits	20.44	15.18
Retirement benefits*	-	-

*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.

IV Terms and conditions for outstanding balances - All outstanding balances are unsecured and payable in cash.

32 Employee benefit obligations

A. Defined contribution plans :

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is defined contribution plan. The Company has no obligation other than to make the specified contribution. The contribution is charged to Statement of Profit and Loss as it accrues. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to Rs.25.98 (2023: 22.34) and other funds to Rs.0.24 (2023: 0.71).

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

Particulars	March 31, 2024	March 31, 2023
Employers contribution to provident and other funds	26.22	23.05
Total	26.22	23.05

B Defined benefit plan

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

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

Particulars	March 31, 2024	March 31, 2023
Obligation at the beginning of the year	53.19	46.04
Transfer In / (Out)	-	-
Past Service Cost	-	-
Current service cost	6.83	10.59
Interest expense	1.90	3.36
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Actuarial losses (gains) arising from change in financial assumptions	0.37	(4.02)
Benefits paid	(3.37)	(7.05)
Actuarial losses (gains) arising from experience adjustments	14.27	4.27
Liability at the end of the year	73.19	53.19

(b) Change in fair value of plan assets

Particulars	March 31, 2024	March 31, 2022
Fair value of plan assets at the beginning of the year	0.18	0.47
Interest income	-	0.03
Transfer in / (out)	-	-
Benefits paid	(0.18)	-
Expected return on plan assets	-	-
Contributions	-	-
Mortality charges and taxes	-	-
Actuarial gain / (loss) on plan assets	-	(0.32)
Fair value of plan assets at the end of the year	-	0.18

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

Particulars	March 31, 2024	March 31, 2023
Present value of funded obligations	73.19	53.19
Fair value of plan assets	-	0.18
Deficit of funded plans	73.19	53.01
Unfunded plans	-	-
Deficit of gratuity plan	73.19	53.01

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

Particulars	March 31, 2024	March 31, 2023
Service cost	6.83	10.59
Net interest (income)/expense	1.90	2.68
Past service cost	-	-
Expected return on plan assets	-	-
Settlement cost/(credit)	-	-
Transfer In/(Out)	-	(7.05)
Net actuarial (gain)/loss recognised in the year	14.64	(3.56)
Net gratuity cost	23.37	2.65

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

Remeasurement	March 31, 2024	March 31, 2023
Remeasurement for the year - obligation (Gain)/Loss	14.64	4.27
Return on plan assets excluding amount included in net interest on net defined liability/(asset) above	-	-
Total Remeasurement Cost/(Credit) for the year recognised in OCI	14.64	4.27

(f) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	March 31, 2024	March 31, 2023
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Discount Rate	7.30%	6.80%
Rate of growth in compensation level	7.00%	7.00%
Expected average remaining working lives of employees (in years)	60 years	58 years
Attrition Rate	5% to 1%	5% to 1%

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

Sensitivity analysis

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

Change in Assumption	Defined benefit obligation	
	March 31, 2024	March 31, 2023
(i) 1% increase in discount rate	63.47	46.24
(ii) 1% decrease in discount rate	85.03	61.64
(iii) 1% increase in rate of salary escalation	84.93	61.58
(iv) 1% decrease in rate of salary escalation	63.37	46.16
(v) 1% increase in rate of withdrawal	73.44	53.29
(vi) 1% decrease in rate of withdrawal	72.90	53.09

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, 2024	March 31, 2023
Year 1	1.54	1.59
Year 2	2.57	2.00
Year 3	2.48	1.79
Year 4	2.39	1.73
Year 5	2.51	1.67
Year 6 to 10	7.05	4.85

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.

33 Fair value measurements

Financial instruments by category

Particulars	March 31, 2024		March 31, 2023	
	FVOCI	Amortised cost	FVOCI	Amortised cost
Financial assets				
Non-current financial assets				
Term deposits with maturity more than 12 months from reporting date	-	58.81	-	210.28
Accrued Interest	-	0.13	-	-
Security deposits	-	37.60	-	62.72
Other receivables (TDS reimbursements)	-	5.75	-	1.94
Current financial assets				
Trade receivables	-	690.03	-	571.34
Term deposits with maturity of less than 12 months from reporting date including interest	-	506.44	-	-
Cash and cash equivalents	-	22.46	-	168.86
Other bank balances	-	-	-	30.00
Unbilled Receivable	-	515.20	-	314.07
Other current financial assets	-	-	-	-
Security deposit	-	41.40	-	23.44
Other loans and advance	-	0.20	-	0.20
Other receivables	-	28.60	-	29.06
Total financial assets	-	1,906.62	-	1,411.91
Financial liabilities				
Non current financial liabilities				
Non-current borrowings	-	731.38	-	929.80
Lease liabilities	-	933.12	-	558.70
Current financial liabilities				
Current borrowings	-	759.06	-	718.49
Lease liabilities	-	164.49	-	145.20
Trade payables	-	232.91	-	277.12
Other current financial liabilities				
Capital creditors	-	14.63	-	28.46
Interest accrued but not due on borrowings	-	0.22	-	0.60
Accrued employee liabilities	-	74.63	-	16.76
Other Payables	-	11.71	-	11.56
Total financial liabilities	-	2,922.15	-	2,686.70

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

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed that the carrying amounts of its financial instruments are reasonable approximations of fair values.

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3
As at March 31, 2024			
Financial assets			
Non-current financial assets			
Term deposits with maturity more than 12 months from reporting date	-	-	58.81
Accrued Interest	-	-	0.13
Security deposits	-	-	37.60
Other receivables (TDS reimbursements)	-	-	5.75
Current financial assets			
Trade receivables	-	-	690.03
Term deposits with maturity of less than 12 months from reporting date including interest	-	-	506.44
Cash and cash equivalents	-	-	22.46
Other bank balances	-	-	-
Unbilled revenue	-	-	515.20
Other current financial assets			
Security deposit	-	-	41.40
Other loans and advance	-	-	0.20
Other receivables	-	-	28.60
Total financial assets	-	-	1,906.62
Financial liabilities			
Non current financial liabilities			
Non-current borrowings	-	-	731.38
Lease liabilities	-	-	933.12
Other non-current financial liabilities			
Capital creditors	-	-	-
Current financial liabilities			
Current borrowings	-	-	759.06
Lease liabilities	-	-	164.49
Trade payables	-	-	232.91
Other current financial liabilities			
Current maturities of long-term debts	-	-	-
Capital creditors	-	-	14.63
Interest accrued but not due on borrowings	-	-	0.22
Accrued employee liabilities	-	-	74.63
Other Payables	-	-	11.71
Total financial liabilities	-	-	2,922.15

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3
At March 31, 2023			
Financial assets			
Non-current financial assets			
Term deposits with maturity more than 12 months from reporting date	-	-	210.28
Security deposits	-	-	62.72
Other receivables (TDS reimbursements)	-	-	1.94
Current financial assets			
Trade receivables	-	-	571.34
Cash and cash equivalents	-	-	168.86
Other bank balances	-	-	30.00
Other current financial assets			
Security deposit	-	-	23.44
Other loans and advance	-	-	0.20
Unbilled revenue	-	-	314.07
Other receivables	-	-	29.06
Total financial assets	-	-	1,411.91
Financial liabilities			
Non current financial liabilities			
Non-current borrowings	-	-	929.80
Lease liabilities	-	-	558.70
Current financial liabilities			
Current borrowings	-	-	718.49
Lease liabilities	-	-	145.20
Trade payables	-	-	277.12
Other current financial liabilities			
Capital creditors	-	-	28.46
Interest accrued but not due on borrowings	-	-	0.60
Accrued employee liabilities	-	-	16.76
Other Payables	-	-	11.56
Total financial liabilities	-	-	2,686.70

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.

34 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 March 31, 2022	171.09
Add/(less): Changes in Loss Allowance	
Bad debts written off during the year	(32.49)
Provision for the period	43.65
Loss allowance as at March 31, 2023	182.25
Add/(less): Changes in Loss Allowance	
Bad debts written off during the year	(18.95)
Provision for the period	55.29
:Recovery of Bad Debts	13.52
Loss allowance as at March 31, 2024	232.11

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 31,2024	Current	1 year to 3 years	More than 3 years	Total
Non current financial liabilities				
Non-current borrowings	-	133.15	598.23	731.38
Lease liabilities	-	346.01	587.10	933.12
Current financial liabilities				
Current borrowings	759.06	-	-	759.06
Lease liabilities	164.49	-	-	164.49
Trade payables	232.91	-	-	232.91
Other current financial liabilities				-
Capital creditors	14.63	-	-	14.63
Interest accrued but not due on borrowings	0.22	-	-	0.22
Accrued employee liabilities	74.63	-	-	74.63
Other Payables	11.71	-	-	11.71
Total financial liabilities	1,257.65	479.16	1,185.34	2,922.15

March 31,2023	Current	1 year to 3 years	More than 3 years	Total
Non current financial liabilities				
Non-current borrowings	-	160.50	769.30	929.80
Lease liabilities	-	191.26	367.44	558.70
Current financial liabilities				
Current borrowings	718.49	-	-	718.49
Lease liabilities	145.20	-	-	145.20
Trade payables	277.12	-	-	277.12
Other current financial liabilities				-
Capital creditors	28.46	-	-	28.46
Interest accrued but not due on borrowings	0.60	-	-	0.60
Accrued employee liabilities	16.76	-	-	16.76
Other Payables	11.56	-	-	11.56
Total financial liabilities	1,198.20	351.76	1,136.75	2,686.70

(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, 2024	March 31, 2023
Receivables (asset)		
USD	0.02	0.01
GBP	0.07	0.07
EUR	-	-
AED	-	-
Payables (liability)		
USD	0.02	0.01
AED	-	-
GBP	-	0.00
Loan (asset)		
USD	0.04	0.04
AED	-	-
GBP	-	-

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations with floating interest rates.

Interest rate exposure: The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	Year ended March 31,2024	Year ended March 31,2023
Interest on variable rate borrowings	219.66	181.59

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 31,2024	Year ended March 31,2023
If interest rates:		
Increase by 1%	2.20	1.82
Decrease by 1%	(2.20)	(1.82)

35 Share based payments

(a) Description of share based payment arrangements

On 9 August 2021, the Board of Directors approved the ESDS Employees Stock Ownership Plan 2021. These options are granted to eligible employees of The Company determined by the nomination and remuneration committee and are convertible into equivalent number of equity shares of Rs. 1 each as per the terms of the plan. Upon vesting, the employees can acquire one common equity share of The Company for every option. Options will be available for vesting upon successful completion of service during the vesting Year. The options were granted on 30th August 2021.

Vesting conditions

Options can be exercised within 4 years from the vesting date. The vesting pattern is set out below

Vesting	Vesting of grant
30 August 2022	50%
30 August 2023	20%
30 August 2024	20%
30 August 2025	10%

(b) Measurement of fair values

Vesting	Exercise price	Expected volatility	Risk free rate	Expected life	Weighted average fair value as on grant date	Method of valuation
30 August 2022	65	20.33%	5.65%	3 to 6 years	10.60	Black – Scholes Model
30 August 2023	65	20.33%	5.65%	3 to 6 years	13.38	Black – Scholes Model
30 August 2024	65	20.33%	5.65%	3 to 6 years	15.96	Black – Scholes Model
30 August 2025	65	20.33%	5.65%	3 to 6 years	18.35	Black – Scholes Model

(c) Effect of employee stock ownership plan on the Statement of Profit and Loss

Particulars	For the year ended March 31, 2024
Employee stock ownership plan expense	5.18

There were 98,000 ESOP cancellations and no modifications to the options in the year ended March 31, 2024

The carrying amount of the liability relating to the Employee Stock Ownership Plan at March 31, 2024 was Rs.16.07 million.

(d) Reconciliation of outstanding share options

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

Particulars	For the year ended March 31, 2024
Options outstanding as at the beginning of the Year	1,375,000
Add: Options granted during the year	
Less: Options forfeited and expired during the Year	98,000
Less: Options exercised during the Year	
Options outstanding as at the Year end	1,277,000
Exercisable at the end of the year	1,149,300

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024
(All amounts are in Rupees millions, unless otherwise stated)

36 Capital Management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business activities and maximize brand value.

The Group manages its capital and makes adjustments to it in light of the changes in economic and market conditions.

The Group monitors capital gearing ratio, which is net debt divided by total capital. Net debt comprises of long term and short term borrowings less cash and bank balances, equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows.

Particulars	As at March 31, 2024	As at March 31, 2023
Debt*	1,490.44	1,648.29
Cash and bank balances	(22.46)	(168.86)
Net debt	1,467.98	1,479.44
Shareholders' Funds		
Equity Share Capital	92.89	92.89
Reserves and Surplus	2,079.75	1,963.07
Total Equity	2,172.63	2,055.96
Net debt to equity ratio	0.68	0.72

* includes current maturity of long term borrowing

37 Micro, Small and Medium Enterprises Development Act, 2006

As per the information available, the management has not received information from some of their suppliers for the period ended March 31, 2024 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.

38 Segment Information

The business segment have been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The Group has identified business segment as its primary segment. In accordance with Indian Accounting Standard 108 - Segment Reporting, the Company has determined its business segment as "design, development, installation and servicing of information technology related resource". Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors based in India regarded as the Chief Operating Decision Maker ("CODM"). Since the entire Company's business is from Information technology related resource there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the Financial Statements as at and for the period ended March 31, 2024 and year ended March 31, 2023.

The secondary segment by geographical segments is provided below based on location of customers:

The Group has identified India and Rest of the world as geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognized. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets located in India.

Geographical Segment	Sales and Services		Total Assets	
	March 31,2024	March 31, 2023	March 31,2024	March 31, 2023
India	2,865.18	2,075.66	4,482.04	4,160.47
Outside India	-	-	-	15.76
Total	2,865.18	2,075.66	4,482.04	4,176.23

Information about major customers:

There is no single customer which contributes more than 10% to the revenue for the financial year ended on December 31, 2023 and March 31,2023.

39 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.0.32 millions (March 31, 2023: Rs. 2.10 Mn) for the Year towards this cause and charged the same to the Statement of Profit And Loss.

The gross amount required to be spent during the Year was Rs 0.18 millions .

(in millions)

Particulars	March 31,2024	March 31,2023
Contribution	0.32	2.10
Accruals towards unspent obligations in relation to:		
Ongoing Projects	-	-
Other than ongoing projects		
Total	0.32	2.10
Amount required to be spent as per Section 135 of the Act*	0.18	2.03
Amount spent during the year on		
(i) Research centre	-	2.10
(iii) Promotion of healthcare including preventive healthcare	0.32	-
(ii) Education trust	-	-

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

Balance as at April 1, 2023		Amount required to be spent during the Year	Amount spent during the year		Balance as at 31 March 2024	
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	-	0.18	0.32	-	-	-

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

Balance unspent as at 1 April 2023	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the Year	Amount spent during the Year	Balance unspent as at 31 March 2024
-	-	-	-	-

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

Balance excess spent as at 1 April 2023	Amount required to be spent during the Year	Amount spent during the Year	Balance excess spent as at 31 March 2024
0.07	0.18	0.32	0.21

40 Exceptional Items:

- During the financial year, the Company encountered exceptional circumstances which significantly impacted its financial position. As part of these occurrences, the Company disbursed an amount of Rs. 1.87 million for the resolution of pending dues under the VAT amnesty scheme, pertaining to the financial years 2014-15, 2016-17, and 2017-18. Additionally, an amount receivable from the VAT Department, totaling Rs. 3.28 million, was deemed irrecoverable and consequently written off during the same period. These exceptional items, totaling Rs. 5.15 million, have been recognized in the financial statements for the year ended 2024, impacting both the income statement and the balance sheet.
- On July 7, 2023, the Company received a notice from the CGST Department under section 73(5), indicating the Department's belief that the Company should reverse Input Tax Credit (ITC). In response, the Company filed an appeal against this notice. As part of the appeal process, the Company incurred expenses totaling Rs. 1.40 million as appeal fees. Given the uncertain nature of the outcome of the appeal and the potential impact on the Company's financial position, these expenses have been treated as exceptional items in the financial statements for the year ended 2024.
- During the fiscal year, the Company received a notice from the Maharashtra State Electricity Distribution Company Limited (MSEDCL) indicating a penalty of Rs. 4.18 million. The penalty was imposed on the Company due to erroneous avilment of subsidies from 2016 until the current year. In response to the notice and to resolve the matter, the Company opted to settle the penalty amount, resulting in an expenditure of Rs. 4.18 million during the year. Management acknowledges the exceptional nature of this expense, considering it as a one-time event that significantly impacted the Company's financial results for the period. The settlement of this penalty has been disclosed separately in the financial statements for the year ended 2024, under exceptional items, to provide transparency regarding its impact on the Company's financial position.

41 Interests in other entities
41.a Subsidiaries

The group's subsidiaries at March 31, 2024 and March 31, 2023 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, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
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.

** On August 29, 2024, the company fully sold its investment in ESDS Internet Services Private Limited at the face value of the shares. As a result, ESDS Internet Services Private Limited ceased to be a subsidiary of the company on that date. As of March 31, 2024, the subsidiary's total assets amounted to Rs. 388.38 million, and its total revenue was Rs. 68.83 million. The company's director subsequently resigned from their position as a director of the subsidiary.

41.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, 2024	As at March 31, 2023
Current assets	54.42	72.84
Current liabilities	51.71	91.69
Net current assets	2.71	(18.84)
Non-current assets	333.96	374.00
Non-current liabilities	324.82	364.06
Net non-current assets	9.14	9.94
Net assets	11.85	(8.91)
Accumulated NCI	5.92	(4.45)

Summarised statement of profit and loss	ESDS Internet Services Private Limited	
	As at March 31, 2024	As at March 31, 2023
Revenue	0.12	0.97
Profit for the year	20.75	0.04
Total comprehensive income	20.75	0.04
Profit allocated to NCI	10.38	0.02

Summarised cash flows	ESDS Internet Services Private Limited	
	As at March 31, 2024	As at March 31, 2023
Cash flows from operating activities	(5.47)	3.79
Cash flows from investing activities	69.68	64.90
Cash flows from financing activities	(68.84)	(63.41)
Net increase/ (decrease) in cash and cash equivalents	(4.63)	5.28

42 Ageing Schedule

a) Trade Receivables

Outstanding for following period from the date of transaction as at 31st March 2024

Particulars	Not Due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Expected Credit Loss Allowance	Total
Trade Receivables -Considered Good	-	687.34	107.47	39.74	11.12	56.74	(212.38)	690.03
Trade Receivables-Credit Impaired	-	-	-	-	-	15.65	(15.65)	-
Total Trade Receivables	-	687.34	107.47	39.74	11.12	72.39	(228.03)	690.03
Unbilled Receivable	515.20	-	-	-	-	-	-	515.20
Total Trade Receivables - Billed and Unbilled								1,205.23

Outstanding for following period from the date of transaction as at 31st March 2023

Particulars	Not Due	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Expected Credit Loss Allowance	Total
Trade Receivables -Considered Good	-	511.51	115.39	30.35	32.12	31.65	(149.68)	571.34
Trade Receivables-Credit Impaired	-	-	-	15.65	-	-	(15.65)	-
Total Trade Receivables	-	511.51	115.39	46.00	32.12	31.65	(165.33)	571.34
Unbilled Receivable	314.07	-	-	-	-	-	-	314.07
Total Trade Receivables - Billed and Unbilled								885.41

b) Trade Payables

Outstanding for following period from due date of payment as at 31st March 2024

Particulars	Provision for Expenses	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	5.72	-	-	-	-	5.72
Others	28.89	122.56	11.23	4.58	0.23	19.01	186.50
Disputed -Others	-	40.68	-	-	-	-	40.68
Total	28.89	168.96	11.23	4.58	0.23	19.01	232.90

Outstanding for following period from due date of payment as at 31st March 2023

Particulars	Provision for Expenses	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	-	59.22	0.33	0.23	-	-	59.78
Others	29.10	173.04	9.30	1.44	-	4.45	217.34
Total	29.10	232.26	9.63	1.68	-	4.45	277.12

ESDS Software Solution Limited
Notes Forming Part of Consolidated Financial Statements for the year ended 31st March 2024
(All amounts are in Rupees millions, unless otherwise stated)

43 Additional Regulatory Requirements
i) Ratios to be disclosed

Sr. No.	Particulars	Formulae used for calculation of ratio	As at March 31, 2024			As at March 31, 2023			% Change in Ratio
			Numerator	Denominator	Ratio	Numerator	Denominator	Ratio	
a)	Current ratio	Current Assets/Current Liabilities	2,126.70	1,369.23	1.55	1,807.60	1,325.87	1.36	13.93%
b)	Debt-Equity Ratio	(Non-current borrowings+ Current borrowings)/Total Equity	1,490.44	2,265.09	0.66	1,648.29	2,101.54	0.78	-16.11%
c)	Debt Service Coverage Ratio	EBIDTA/Current Debt obligation	1,076.84	759.06	1.42	521.54	718.49	0.73	95.44%
d)	Return on Equity Ratio	Profit after tax/ Shareholder's equity	125.72	2,265.09	0.06	(224.53)	2,101.54	(0.11)	-151.95%
e)	Trade Receivables turnover ratio	Revenue from operations/Average trade receivables	2,865.18	630.69	4.54	2,075.66	604.93	3.43	32.40%
f)	Trade payables turnover ratio	(Purchase of goods + Other expenses)/Average trade payables	993.81	255.01	3.90	830.80	270.88	3.07	27.07%
g)	Net capital turnover ratio	Revenue from operations/(Current assets- Current liabilities)	2,865.18	757.46	3.78	2,075.66	481.73	4.31	-12.21%
h)	Net profit ratio	Profit after tax/ Revenue from operations	125.72	2,865.18	0.04	(224.53)	2,075.66	(0.11)	-140.56%
j)	Return on capital employed	EBIT/Capital employed	551.32	2,265.09	0.24	30.05	2,101.54	0.01	1601.96%

Reasons for Change more than 25% from previous year

- a) **Debt Service Coverage Ratio** : Increase in earnings before tax due to better revenue and decrease in the costs lead to better debt service coverage ratio.
b) **Return on Equity Ratio** : Increase in profits and consistent shareholder's equity lead to change in return on equity ratio.
c) **Trade Receivables Turnover Ratio** : Revenue and trade receivables have substantially increased giving rise to trade receivables ratio.
d) **Trade Payables Turnover Ratio** : Company have closely monitored payable and made sure to pay them in time thus leading to better Trade payables ratio.
e) **Net profit ratio** : Increase in net profits due to better management and reduction in costs lead to higher net profit ratio in comparison with previous year.
f) **Return on capital employed** : Increase in earnings before interest and tax and consistent capital employed lead to better return on capital employed.

ii) Borrowings obtained on the basis of security of current assets

The company has filed quarterly returns or statements with the banks in lieu of the sanctioned working facilities, there is no material differences.

44 Additional Regulatory Disclosures As Per Schedule III Of Companies Act, 2013

- i) Title deeds of Immovable Property are in the name of group wherever applicable
ii) Details of Benami Property and its proceedings- Not applicable as there are no proceedings which have been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
iii) Willful Defaulter - The group has not been declared willful defaulter by bank or financial institution or government or any government authority.
iv) Relationship with Struck off Companies -As per section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, there are no balances outstanding with struck off companies
v) Compliance with number of layers of companies - Not Applicable as the group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
vi) Compliance with approved Scheme(s) of Arrangements - Not Applicable as the group has no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
vii) Details of Crypto Currency or Virtual Currency - Not Applicable as the group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
viii) There were no whistle blower complaints received by the group during the year.
ix) The group does not have any such transaction which is not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961.
x) The group does not have any intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.
xi) The group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
(b) Provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
xii) The group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:
(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) Provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
xiii) Registration of charges or satisfaction with registrar of companies- The group does not have any charges or satisfaction which is yet to registered with ROC beyond the statutory period.

45 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 : 06/09/2024

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 : 06/09/2024

Sd/-
Prasad Deokar
Company secretary and compliance officer
Membership No.: A34350
Place : Nashik
Date : 06/09/2024

Sd/-
Komal Somani
Whole Time Director
DIN: 08477154
Place: Nashik
Date : 06/09/2024

Sd/-
Nadukuru Sita Ramaiah
Chief financial officer
Place: Nashik
Date : 06/09/2024

Notice to Shareholders

Notice is hereby given that the Nineteenth (19th) Annual General Meeting (“AGM”) of members of ESDS Software Solution Limited (“the Company”) will be held on Monday, 30th September, 2024 at 11:00 hours (IST) on Saturday, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements for the financial year ended March 31, 2024, together with the reports of the Board of Directors and Auditors thereon and if thought fit, to give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“RESOLVED THAT the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2024 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, 2024, together with the report of the Auditors thereon and if thought fit, to give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024 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 give assent or dissent to the following resolution to be passed as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act 2013 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or reenactment thereof for the time being in force, 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”.

SPECIAL BUSINESS:

4. To approve the revision of remuneration payable to Mr. Piyush Somani (DIN 02357582) as Managing Director of the Company and, if thought fit, to give assent or dissent to the following resolution to be passed as a **Special Resolution**

“RESOLVED THAT pursuant to the provisions of Section 196, 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 (“Act”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the Articles of Association of the

Company and pursuant to the recommendation of the Nomination & Remuneration Committee and Audit Committee of the Board, the approval of the Shareholders of the Company be and is here by accorded to revise the remuneration payable to Mr. Piyush Somani, Chairman and Managing Director of the Company, such that the annual remuneration payable shall not exceed Rs.1,40,86,800/- (Rupees One Crore Forty Lakhs Eighty Six Thousand Eight Hundred only) inclusive of fixed and variable components, to be effective from 01st August 2024 till the balance term of his appointment as Managing Director.

RESOLVED FURTHER THAT the remuneration payable to Mr. Piyush Somani, Chairman and Managing Director shall comprise i) a fixed annul remuneration including applicable perquisites/benefits to be payable on monthly basis; and ii) a variable remuneration to be payable on annual basis.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to fix and finalize the components of Fixed and Variable remuneration, to be payable to Mr. Piyush Somani.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to specify the criteria for variable remuneration to be payable to Mr. Piyush Somani.

RESOLVED FURTHER THAT in the absence or an inadequacy of profits in the financial year 2024-25, he shall be paid the remuneration, allowances and perquisites, if any, within the ceiling specified above and as set out in the explanatory statement forming part of this Notice as the Minimum Remuneration in accordance with Schedule V and other applicable provisions of the Act.

RESOLVED FURTHER THAT upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall have the discretion and authority to alter, vary and modify the aforesaid terms and condition of the said appointment and remuneration in such manner as may be mutually agreed between the Board of Directors and Mr. Piyush Prakashchandra Somani in accordance with the applicable provisions of the Act or any amendment thereto.

RESOLVED FURTHER THAT each of the Director of the Company or the Company Secretary, be and are hereby severally authorised to do all such acts, deeds, matters and things which may be required to give effect to this resolution including filing of necessary e-forms/letters with the Ministry of Corporate Affairs and intimation to relevant statutory authorities.

RESOLVED FURTHER THAT each of the Director of the Company or the Company Secretary, be and are hereby severally authorized to issue a certified true copy of the resolution to any persons and they be requested to act thereupon."

5. To approve the revision of remuneration payable to Ms. Komal Somani (DIN 08477154) as Whole-time Director of the Company and, if thought fit, to give assent or dissent to the following resolution to be passed as a **Special Resolution**

"RESOLVED THAT pursuant to the provisions of Section 196, 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 ("Act") (including any statutory modification(s) or enactment(s) thereof for the time being in force), and pursuant to the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee of the

Board, the approval of the Shareholders of the Company be and is here by accorded to revise the remuneration payable to Ms. Komal Somani, Whole-time Director of the Company, such that the annual remuneration payable shall not exceed Rs.75,00,000/- (Rupees Seventy Five Lakhs only) inclusive of fixed and variable components, to be effective from 01st August 2024 till the balance term of her appointment as Whole-time Director.

RESOLVED FURTHER THAT the remuneration payable to Ms. Komal Somani, Whole-time Director shall comprise i) a fixed annual remuneration including applicable perquisites/benefits to be payable on monthly basis and ii) a variable remuneration to be payable on annual basis.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to fix and finalize the amounts of Fixed and Variable remuneration to be payable to Ms. Komal Somani.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to specify the criteria for variable remuneration to be payable to Mr. Piyush Somani.

RESOLVED FURTHER THAT in the absence or an inadequacy of profits in the financial year 2024-25, he shall be paid the remuneration, allowances and perquisites, if any, within the ceiling specified above and as set out in the explanatory statement forming part of this Notice as the Minimum Remuneration in accordance with Schedule V and other applicable provisions of the Act.

RESOLVED FURTHER THAT upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall have the discretion and authority to alter, vary and modify the aforesaid terms and condition of the said appointment and remuneration in such manner as may be mutually agreed between the Board of Directors and Ms. Komal Somani in accordance with the applicable provisions of the Act or any amendment thereto.

RESOLVED FURTHER THAT each of the Director of the Company or the Company Secretary, be and are hereby severally authorised to do all such acts, deeds, matters and things which may be required to give effect to this resolution including filing of necessary e-forms/letters with the Ministry of Corporate Affairs and intimation to relevant statutory authorities.

RESOLVED FURTHER THAT each of the Director of the Company or the Company Secretary, be and are hereby severally authorized to issue a certified true copy of the resolution to any persons and they be requested to act thereupon."

6. To re-appoint Mr. Piyush Somani (DIN: 02357582), as a Managing Director of the Company for a period of five (5) years from January 26, 2025 and the remuneration payable to him on his re-appointment and if thought fit, to give assent or dissent to the following resolution proposed to be passed as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications, amendments or re-enactments thereto for the time being in force) the relevant provision of the Articles of Association of the Company, and subject to such approvals as may be required

and pursuant to the recommendation of the Nomination and Remuneration Committee and Audit Committee, the consent and approval of the Company be and is hereby accorded for the re-appointment of Mr. Piyush Somani (DIN: 02357582) as Managing Director of the Company to be designated as Chairman of the Company, for a period of five (5) years with effect from January 26, 2025 on the remuneration inclusive of fixed & variable components and terms and conditions as set out in the Explanatory Statement annexed to this Notice and whose period of office shall be liable to determination by retirement by rotation.

RESOLVED FURTHER THAT the remuneration payable to Mr. Piyush Somani, Chairman and Managing Director shall comprise i) a fixed annul remuneration including applicable perquisites/benefits to be payable on monthly basis; and ii) a variable remuneration to be payable on annual basis.

RESOLVED FURTHER THAT the Board of Directors of the Company (on the recommendations of the Nomination & Remuneration Committee) be and is hereby authorized to revise, amend, alter and vary the remuneration and other terms and conditions of re-appointment of Mr. Piyush Somani, as Managing Director in such a manner as may be permissible in accordance with the provisions of the Act and Schedule V or any modification or enactment thereto and subject to the approval of the Central Government, if required, and as may be agreed to by and between the Board of Directors and Mr. Piyush Somani, without any further reference to the shareholders in general meeting.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to fix and finalize the components of Fixed and Variable remuneration, to be payable to Mr. Piyush Somani.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee of the Board of Directors of the Company, be and is hereby by authorised to specify the criteria for variable remuneration to be payable to Mr. Piyush Somani.

RESOLVED FURTHER THAT in the absence or an inadequacy of profits in the financial year 2024-25, he shall be paid the remuneration, allowances and perquisites, if any, within the ceiling specified above and as set out in the explanatory statement forming part of this Notice as the Minimum Remuneration in accordance with Schedule V and other applicable provisions of the Act.

RESOLVED FURTHER THAT as Managing Director of the Company, Mr. Piyush Somani shall, subject to the supervision, control and directions of the Board of Directors of the Company, continue to exercise substantial powers of management and shall manage the business and affairs of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution in conformity with the provisions of the Act and also to settle any question, difficulty or doubt that may arise in this regard without requiring to secure any further consent or approval of the shareholders of the Company and to do all such acts, deeds, matters and things, as may be considered deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."



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

Sd/-

(Piyush Somani)

Chairman and Managing Director

DIN: 02357582

Date : 08.09.2024

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



Notes:

1. Corporate Members intending to send their authorised representatives to attend the Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.
2. A member entitled to attend and vote at the Annual General Meeting (“the Meeting”) is entitled to appoint a proxy to attend and on a poll, vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, should, however, be deposited at the registered office of the Company not less than 48 hours before the time of commencement of the Meeting.
3. A person can act as a proxy on behalf of not exceeding fifty (50) members and holding in aggregate not more than ten (10) per cent of the total paid-up share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Members of the Company had appointed M/s Shah Khandelwal Jain & Associates., Chartered Accountants Pune (Firm Registration No.142740W) as Statutory Auditors for a consecutive period of five years commencing from financial year 2020-21 until the conclusion of Annual General Meeting to be held for financial year 2024-25.
5. The proceedings of the meeting shall be recorded and shall be kept in the safe custody of the Company. Such recording shall be made available at the request of the members.
6. The notice of the Annual General Meeting is being sent by electronic mode to those members whose e-mail addresses are registered with the Company.
7. Entry to the place of meeting will be regulated by an **Attendance Slip** which is annexed hereto as **Annexure A** to the Notice. Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.
8. A member entitled to attend and vote at the meeting is entitled to appoint a proxy, who need not be a member of the Company, to attend and vote instead of himself. Proxies in order to be effective must be lodged with the Company at least 48 hours before the meeting. The **Proxy Form** is annexed hereto as **Annexure B**.
9. In case of corporate shareholders proposing to participate at the meeting through their representative, necessary authorization under Section 113 of the Companies Act, 2013 for such representation may please be forwarded to the Company.
10. The documents related to matters set out in the notice shall be open for inspection at the registered office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days up to and including the date of Annual General meeting of the Company.

11. In terms of Section 152 of the Companies Act, 2013, Mr. Piyush Somani (DIN: 02357582), retires by rotation at this Meeting and being eligible, offers herself for re-appointment. Details of Director retiring by rotation as required pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India provided in Annexure to the Explanatory Statement.
12. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three (3) days of notice in writing is given to the Company.
13. Members/Proxy holders/authorised representatives should bring the duly filled-in Attendance Slip.
14. The Register of Directors and Key Managerial Persons and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Meeting.

The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Meeting.



The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013

ITEM No.4 & 6

Mr. Piyush Somani (DIN: 02357582) was appointed as Managing Director of the Company effective from January 26, 2020 for a period of 5 years from January 26, 2020. The Shareholders of the Company in their meeting held on September 30, 2023 approved his revised remuneration under the relevant provisions of the Companies Act, 2013. He is the promoter of the Company.

However, considering his vast experience, leadership capabilities and his performance, contributions towards set corporate goals & achievements made during his tenure & the increasing inflation rate and pursuant to recommendations of Nomination and Remuneration Committee, it is proposed to revise his remuneration payable for balance term of his tenure as Managing Director effective from August 01, 2024.

He possesses vast experience and has leadership capabilities, entrepreneurial skills, which have enabled the Company to achieve its goals and objectives. Further to mention that the business is growing and with that responsibilities of the Managing Director are also growing. Besides, considering the increased involvement in critical business matters requiring him to shoulder larger responsibilities, devote more time for achieving desired results, and pursuant to the recommendations of the Nomination and Remuneration Committee, it is proposed to revise the remuneration payable to Mr. Piyush Somani, Managing Director effective from August 01, 2024 upto balance term of his tenure.

Mr. Piyush Somani is the Chairman-cum-Managing Director and Promoter of our Company. He holds a Bachelor's Degree in Engineering (Electronics) from the University of Pune. As the founder of our Company at the age of 26, he has over 19 years of experience in the information technology sector. He has been instrumental in expanding the operations of our Company in several international markets. We have significantly benefitted from the vision, technical acumen and leadership of Mr. Piyush Somani.

The material terms of the remuneration are given below:

1. **Annual Remuneration:** Not exceeding Rs. 1,40,86,800/- (Rupees One Crore Forty Lakhs Eighty Six Thousand Eight Hundred only) inclusive of fixed and variable components, effective from July 01, 2023 with a provision for increase in remuneration of not more than 30% per annum over the remuneration of the previous year which would be subject to recommendation by the Nomination & Remuneration Committee, the Audit Committee and approval of the Board on an annual basis.
2. Leave Encashment at the end of the tenure as per Company's HR Policy;
3. Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961 as per Company's HR Policy;
4. **Perquisites:** He shall be entitled to:
 - Contribution by the Company to Personal Accident insurance, Medclaim insurance, Keyman Insurance policies obtained by the Company; and
 - Company maintained Chauffeur driven car for Company's business purposes;

- Telephone, cell phone and such other means of communications like laptop, internet facilities at residence for business purpose which would not be considered as perquisites;
 - The terms and conditions of the said appointment and agreement may be altered and varied from time to time by the Board, as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director as per the amount approved by the shareholders and subject to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Act for the time being in force, read with Schedule V thereto as amended from time to time;
 - He would be paid remuneration with a provision for increase in remuneration of not more than 30% per annum over the previous year which will be decided and recommended by Nomination & Remuneration Committee and Audit Committee, subject to Board approval on an annual basis.
5. Gratuity payable at a rate not exceeding half month's salary for each completed year of service as per **Company's** HR Policy;

The Brief profile of Mr. Piyush Somani and the details of his shareholding in the Company, as per requirements of the Companies Act, 2013, the rules made there under and the SS-2 are given in **Annexure "A"**.

In the event of loss or inadequacy of profits for the Financial Year 2024-25, the above remuneration will be paid to him as the Minimum remuneration, which will be within the maximum ceiling limit specified under Part II of Section II of Schedule V to the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and in accordance with the recommendation of the Nomination and Remuneration Committee and the approval of

The additional information as required by Section II of Part II of Schedule V to the Companies Act, 2013 is provided in **Annexure A & B**:

None of the Directors / Key Managerial Personnel of the Company and their relatives except Mr. Piyush Somani and Ms. Komal Somani (Spouse of Mr. Piyush Somani) and their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company. Further, Mr. Piyush Somani, Ms. Komal Somani and their relatives shall not be entitled to vote on the resolution as set out at Item No.4 of the Notice.

All the documents referred to in the Explanatory Statement are available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days up to the date of Postal Ballot and any shareholder who wants the same will be provided a soft copy.

The Board recommends the resolution as set out at Item No.5 for approval by the Members as a Special Resolution.

ITEM No.5

Ms. Komal Somani (DIN: 08477154) was appointed as Whole-time Director of the Company effective from July 28, 2021 for a period of 5 years from July 28, 2021. The Shareholders of the Company in their meeting held on August 09, 2021 approved her remuneration under the relevant provisions of the Companies Act, 2013.

However, considering his vast experience, leadership capabilities and her performance, contributions towards set corporate goals & achievements made during her tenure & the increasing inflation rate and pursuant to recommendations of Nomination and Remuneration Committee, it is proposed to revise her remuneration payable for balance term of her tenure as Whole-time Director effective from August 01, 2024 for balance term of her tenure as Whole-time Director.

She possesses vast experience and has leadership capabilities, entrepreneurial skills, which have enabled the Company to achieve its goals and objectives. She is also Chief Human Resource Officer ("CHRO") and Chief Marketing Officer ("CMO"). Further to mention that the business is growing and with those responsibilities of the Whole-time Director, CHRO and CMO are also growing and pursuant to the recommendations of the Nomination and Remuneration Committee, it is proposed to revise the remuneration payable to Ms. Komal Somani, Whole-time Director effective from August 01, 2024 upto balance term of her tenure.

Ms. Komal Somani, Whole-time Director, is also Chief Human Resource Officer and Chief Marketing Officer of our Company. She holds a Bachelor's Degree in Engineering from the University of Pune. She has been associated with our Company since September 01, 2012. She has won several awards and recognitions such as one of the 50 Most Fabulous Happiness Leaders at the World Happiness Congress 2023, "Most Innovative Woman of the Year – 2018" at the 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. She was also awarded as HR Leader of the Year-2024 by The Economic Times Human Capital Awards and Best Learning Culture Award - Gold Category - ETHRWORLD Future Skills Awards 2024.

1. **Annual Remuneration:** Not exceeding Rs.75,00,000/- (Rupees Seventy Five Lakhs Eighty only) inclusive of fixed and variable components, effective from July 01, 2023 with a provision for increase in remuneration of not more than 30% per annum over the remuneration of the previous year which would be subject to recommendation by the Nomination & Remuneration Committee, the Audit Committee and approval of the Board on an annual basis.
2. Leave Encashment at the end of the tenure as per Company's HR Policy;
3. Contributions to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961 as per Company's HR Policy;
4. **Perquisites:** He shall be entitled to:
 - Contribution by the Company to Personal Accident insurance, Mediclaim insurance, Keyman Insurance policies obtained by the Company; and
 - Company maintained Chauffeur driven car for Company's business purposes;
 - Telephone, cell phone and such other means of communications like laptop, internet facilities at residence for business purpose which would not be considered as perquisites;
 - The terms and conditions of the said appointment and agreement may be altered and varied from time to time by the Board, as it may, in its discretion, deem fit within the maximum amount payable to the Managing Director as per the amount approved by the shareholders and subject to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Act for the time being in force, read with Schedule V thereto as amended from time to time;
 - He would be paid remuneration with a provision for increase in remuneration of not more than 30% per annum over the previous year which will be decided and recommended by Nomination & Remuneration Committee and Audit Committee, subject to Board approval on an annual basis.

5. Gratuity payable at a rate not exceeding half month's salary for each completed year of service as per **Company's** HR Policy;

The Brief profile of Ms. Komal Somani and the details of his shareholding in the Company, as per requirements of the Companies Act, 2013, the rules made there under and the SS-2 are given in **Annexure "A"**.

In the event of loss or inadequacy of profits for the Financial Year 2024-25, the above remuneration will be paid to him as the Minimum remuneration, which will be within the maximum ceiling limit specified under Part II of Section II of Schedule V to the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and in accordance with the recommendation of the Nomination and Remuneration Committee and the approval of

The additional information as required by Section II of Part II of Schedule V to the Companies Act, 2013 is provided in **Annexure A & B**:

None of the Directors / Key Managerial Personnel of the Company and their relatives except Ms. Komal Somani and Mr. Piyush Somani (Spouse of Ms. Komal Somani) and their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding, if any, in the Company. Further, Ms. Komal Somani, Mr. Piyush Somani and their relatives shall not be entitled to vote on the resolution as set out at Item No.5 of the Notice.

All the documents referred to in the Explanatory Statement are available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days up to the date of Postal Ballot and any shareholder who wants the same will be provided a soft copy.

The Board recommends the resolution as set out at Item No.5 for approval by the Members as a Special Resolution.

Annexure A

In terms of Section 152 of the Companies Act, 2013, Mr. Piyush Somani (DIN: 02357582) retire by rotation at this Meeting and being eligible, offer herself for re-appointment. Details of Director retiring by rotation as required pursuant to Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India are given hereunder:

Particulars	Particulars	Particulars
Name of the Director	Ms. Piyush Prakashchandra Somani	Ms. Komal Piyush Somani
DIN	02357582	08477154
Date of birth	June 09, 1979	June 01, 1986
Age	45 years	38 years
Date of Appointment	August 18, 2005	July 28, 2021
Background / Brief Resume of the Director including nature of expertise in specific functional areas	Mr. Piyush Somani is the Chairman-cum-Managing Director and Promoter of our Company. He holds a Bachelor’s Degree in Engineering (Electronics) from the University of Pune. As the founder of our Company at the age of 26, he has over 17 years of experience in the information technology sector. He has been instrumental in expanding the operations of our Company in several international markets. We have significantly benefitted from the vision, technical acumen and leadership of Piyush Prakashchandra Somani.	Komal Somani is the Chief Marketing Officer of our Company. She holds a Bachelor’s Degree in Engineering from the University of Pune. She has been associated with our Company since September 01, 2012. She has won several awards and recognitions such as "Most Innovative Woman of the Year – 2018" at the 2nd She Leads Summit and Awards, 2018, was ranked amongst the 50 Most Innovative HR Technology Leaders 2017, and amongst the 25 Most Innovative HR Tech Leaders – 2016 at the Asia Pacific HRM Congress. She has been honored with Maharashtra Nari Ratna Award 2017, Tejaswini Sanmaan by Swaraj in 2017 and Nashik Best HR Leaders – 2017.
No. of shares held in the Company as on March 31, 2023	26852696	11
Past Remuneration	Rs.1,09,20,000/- per annum	Rs.53,76,000/- per annum
Directorships (Excluding alternate directorship, directorships in foreign companies and companies under	ESDS Internet Service Private Limited; and Spochub Solutions Private Limited	Resvera Wines Limited

Section 8 of the Companies Act, 2013.		
Chairman/Member of the Committee of Board of Directors as on March 31, 2023; A. Audit Committee; B. Stakeholders Relationship Committee	No No	No No
Inter-se relationship between the Directors / Key Managerial Person (KMP)	Mr. Piyush Somani (DIN: 02357582) is spouse of Ms. Komal Somani, Whole-time Director of the Company.	Ms. Komal Somani (DIN: 08477154) is spouse of Mr. Piyush Somani, Chairman & Managing Director of the Company.
No. of Board Meetings attended during FY 2022-23	6 (Six) out of 6 (Six) meetings he was liable to attend in the FY 2023-24	6 (Six) out of 6 (Six) meetings she was liable to attend in the FY 2023-24

Annexure B

Sr. No.	Particulars	Mr. Piyush Somani	Ms. Komal Somani
1	Nature of Industry	IT and ITES Industry	
2	Date or expected date of Commencement of Commercial production	The Company was incorporated on 5 th August, 2005 and commenced its commercial business in the same financial year.	
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
4	Financial performance based on given indicators	In the financial year 2023-2024, the Company made a turnover of INR 287 Crores and Profit of 16.48 Crores after tax	
5	Foreign Investments or collaborations, if any	South Asia Growth Fund II Holdings, LLC, South Asia Growth Fund II, L.P., GEF ESDS Partners, LLC, South Asia EBT Trust holds 40.76% Equity shares in the Company.	
6	Remuneration proposed	As stated in the Explanatory Statement at item no.4 of this Notice.	As stated in the Explanatory Statement at item no.5 of this Notice.
7	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration of Mr. Piyush Somani is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and diverse nature of its business.	The remuneration of Ms. Komal Somani is comparable to that drawn by the peers in the similar capacity in the industry and is commensurate with the size of the Company and diverse nature of its

			business. She is handling CHRO & CMO profiles.
8	Reasons of loss or inadequate profits	The Company had booked certain expenses of IPO.	
9	Steps taken or proposed to be taken for improvement	The Company has taken significant steps to increase its sales and reduce costs in line with the projected sales. During FY 2023-24, Q3 & Q4 results showed considerable recovery in demand and business results.	
10	Expected increase in productivity and profits in measurable terms	During FY 2024-25, Q1 results showed considerable recovery in demand and business results. Q1 is expected to show further progressive recovery of demand and underlying business results.	



ANNEXURE A

ATTENDANCE SLIP

ESDS SOFTWARE SOLUTION LIMITED

CIN: U72200MH2005PLC155433

Regd. Office: Plot No . B-24 & 25, NICE Area, M.I.D.C. Satpur. Nasik 422007

DP ID*		Folio No.	
Client Id*		No. of Shares	

*Applicable for investors holding shares in electronic form.

I/We certify that I/we am/are a registered shareholder/proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the **Nineteenth (19th) Annual General Meeting** of the Company, held on Monday, September 30, 2024 at 11:00 am at Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007

Name of the member (In block letters)

Signature of Member

Name of the Proxy (In block letters)

Name of the Proxy (In block letters)

ANNEXURE –B

**PROXY FORM
Form No. MGT-11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**ESDS SOFTWARE SOLUTION LIMITED
CIN: U72200MH2005PLC155433**

Regd. Office: Plot No . B-24 & 25, NICE Area, M.I.D.C. Satpur. Nasik 422007

Name of the member (s) :	
Registered address :	
E-mail Id:	
Folio No./ *Client Id :	
* DP ID	

*Applicable for investors holding shares in electronic form

I/We, being the holder/(s) of _____ equity shares of ESDS Software Solution Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____
or failing him;
- 2) _____ of _____ having e-mail id _____
or failing him;
- 3) _____ of _____ having e-mail id _____

and whose signature is appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Nineteenth (19th) Annual General Meeting** of the Company, held on Monday, September 30, 2024 at 11:00 am at Plot No. B-24 & 25, NICE Area, M.I.D.C. Satpur, Nasik 422007 and at any adjournment thereof in respect of such resolutions as are indicated below:

**I wish my above Proxy to vote in the manner as indicated in the box below:

Sr. No.	Particulars	For	Against
1	To receive, consider and adopt the Audited Standalone Financial Statements for the financial year ended March 31, 2024, 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, 2024, together with the report of the Auditors thereon;		
3	To appoint Ms. Komal Somani (DIN: 08477154), who retires by rotation as a director;		

4	To approve the revision of remuneration payable to Mr. Piyush Somani (DIN 02357582) as Managing Director of the Company;		
5	To approve the revision of remuneration payable to Ms. Komal Somani (DIN 08477154) as Whole-time Director of the Company.		
6	To re-appoint Mr. Piyush Somani as Managing Director to be designated as Chairman of the Company for the term of five (5) consecutive years with effect from 26 th January 2024.		

**This is optional

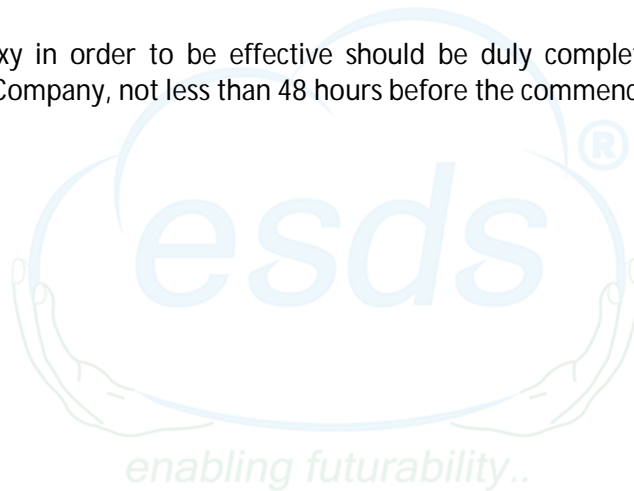
Signed this _____ day of _____, 2024

Affix
Revenue
Stamp

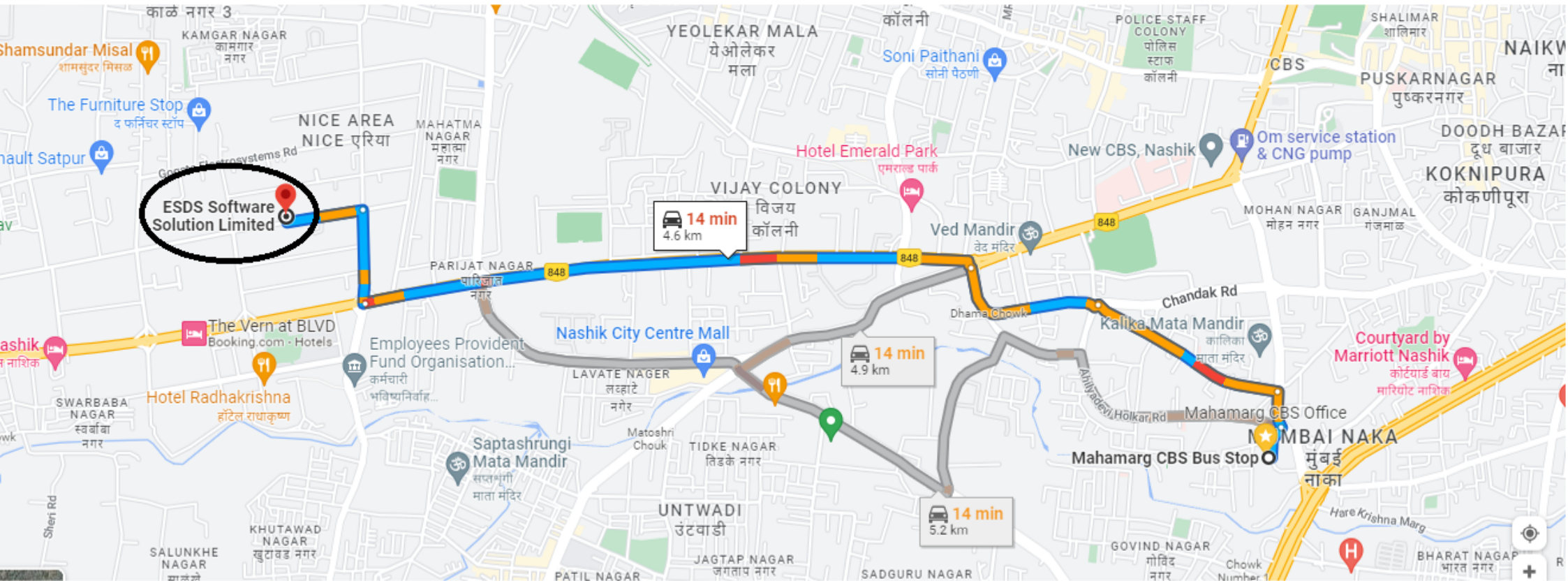
Signature of the Proxy holder (s)

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.



Route map and land mark details for the venue of general meeting are





ESDS Software Solution Ltd.

Head Office | Nashik

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

Toll FREE : 1800 209 3006

Email : getintouch@esds.co.in