

INDEPENDENT AUDITOR'S REPORT

To the Members of ESDS Software Solution Limited

Report on the Separate IND AS Financial Statements

Opinion

We have audited the accompanying IND AS financial statements of ESDS Software Solution Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters which in our professional judgement, were of the most significance in our Audit of the Separate IND AS Financial Statements. As per our judgement, there are no Key Audit Matters that need to be reported under SA 701.

Responsibilities of Management and those charged with governance

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records,



relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



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

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

(e) On the basis of written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

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

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

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

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

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

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

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



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, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.

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

A. C. Khandelwal

Ashish Khandelwal
Partner

Membership No.049278

Place : Pune

Date : 22/09/2022

UDIN: 22049278AUDGJQ4985



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

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

We have audited the internal financial controls over financial reporting of ESDS Software Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

According to the information and explanations given to us and based on our audit, the Company, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2022.

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

A C Khandelwal

Ashish Khandelwal
Partner
Membership No. 049278



Place: Pune
Date: 22/09/2022
UDIN : 22049278AUDGJQ4985

ANNEXURE 2 TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2022 OF ESDS Software Solution Limited ("the Company")

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

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

- i. (a) (A) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment;
(B) The company has maintained proper records showing full particulars of intangible assets;
- (b) All the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property. Accordingly, Clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year ended March 31, 2022 and carried on the values of PPE and ROU at cost consistent with previous year.
- (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The company is involved in the business of rendering services. Accordingly the requirements of Para 3(ii)(a) of the order are not applicable to the company.
- (b) The company has sanctioned working capital limits in excess of Rs five crores in aggregate from bank during the year on the basis of security of current assets of the company.
- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (f) of the order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on 31st March, 2022 and the Company



has not accepted any deposits during the period thus clause 3(iv) of the order are not applicable to the company.

- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the order are not applicable to the Company.
- vii. (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Goods and Services Tax and other statutory dues though there has been delays in few cases.
- According to the information and explanations given to us and based on audit procedures performed by us ,no undisputed amounts payable in respect of these statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) There are no dues of Provident fund, Employees State Insurance, Income Tax, Service Tax, Goods and Services Tax and other statutory dues which have not been deposited on account of any dispute.
- viii. The company have not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessments under Income tax act,1961 as income during the year. Accordingly the requirement of clause 3(viii) of the order is not applicable to the company.
- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- (b) The company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (c) The term loans were applied for the purpose for which the loans were obtained.
- (d) No funds raised on short term basis have been utilised for long term purposes
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The company have not raised loans during the year on the pledge of securities held in its subsidiary.
- x. (a) No moneys are raised by way of initial public offer or further public offer (including debt instruments) during the period, hence the requirement of clause 3(x)(a) of the order is not applicable to the company.

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



- xi. (a) No fraud by the company nor any fraud on the company has been noticed or reported during the period;
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
(c) No whistle-blower complaints have been received during the period by the company;
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv. (a) The company has an internal audit system commensurate with the size and nature of its business;
(b) The reports of the Internal Auditors for the period under audit were considered by us.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi. a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) (a) of the Order are not applicable to the Company.
b) The company has not conducted any non-banking financial or housing finance activities without obtained a valid certificate of Registration from the Reserve bank of India as per the Reserve Bank of India Act, 1934.
c) The company is not a core investment company as defined in the regulations made by Reserve Bank of India. Accordingly the requirement of clause 3(xvi) (c) is not applicable to the company.
- xvii. The company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii. We were statutory auditor of the company in the previous year; thus requirement of clause (xviii) is not applicable to the company.
- xix. On the basis of the financial ratios in note no 43 .to the financials statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the board of directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.



- xx. (a) In respect of other than ongoing projects , there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the companies act, in compliance with second proviso to sub section 5 of the section 135 of the act. This matter has been disclosed in note 40 to the financial statements.
- (b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with the provisions of subsection (6) of section 135 of the said act. This matter has been disclosed in note no 40 to the financial statements.
- xxi. The reporting under clause 3(xxi) of the order is not applicable in respect of audit of standalone financial statements of the company. Accordingly, no comment has been included in respect of said clause under the report.

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

ACKhandelwal

Ashish Khandelwal
Partner
Membership No.049278



Place : Pune
Date :22/09/2022
UDIN : 22049278AUDGJQ4985

ESDS Software Solution Limited
 Separate Financial Statements
 Balance Sheet as at March 31, 2022
 (All amounts are in Rupees millions, unless otherwise stated)

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

The above balance sheet should be read in conjunction with the accompanying significant notes.
 In terms of our report of even date

For Shah Khandelwal Jain & Associates

ICAI Firm Registration Number: 142740W
 Chartered Accountants

A/C Khandelwal

Ashish Khandelwal

Partner

Membership No.: 049278

Place : Pune

Date : 22-09-2022



For and on behalf of the Board of Directors

ESDS Software Solution Limited

CIN : U72200MH2005PLC155433

Piyush Somani

Chairman and
 Managing Director

DIN : 02357582

Place: Nashik

Date : 22-09-2022

Komal Somani

Whole Time Director

DIN: 08477154

Place: Nashik

Date : 22-09-2022

Prasad Deokar

Company secretary and
 compliance officer

M No:A34350

Place : Nashik

Date : 22-09-2022



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

Particulars	Notes	March 31,2022	March 31,2021
Revenue from operations	24	1,932.34	1,719.27
Other income	25	46.63	31.00
Total income		1,978.97	1,750.27
Expenses			
Purchases of traded goods	25	-	-
Employee benefit expense	26	680.41	579.69
Finance costs	27	169.28	176.46
Depreciation and amortisation expense	28	420.76	373.75
Other expenses	29	641.88	500.48
Total expenses		1,912.33	1,630.38
Profit before exceptional items		66.64	119.89
Exceptional Items			
Rates and Taxes (refer note no. 31(ii)(d))		35.00	-
Profit before tax		31.64	119.89
Income tax expense			
Current tax (MAT)	??	4.02	18.90
Less: MAT credit entitlement	??	(4.02)	(18.90)
Deferred tax	??	10.59	32.81
Total tax expense		10.59	32.81
Profit for the period [A]		21.05	87.08
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of debt instruments at FVOCI			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity instruments at FVOCI			
Remeasurement of post-employment benefit obligations		3.24	0.18
Income tax relating to these items		(0.90)	0.05
		2.34	0.23
Total other comprehensive income for the period, net of tax [B]		2.34	0.23
Total comprehensive income for the period [A+B]		23.39	87.31
Earnings per share	30		
Basic (Face value of equity shares : 1 per share)		0.26	1.67
Diluted		0.26	1.56

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

In terms of our report of even date

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

Ashish Khandelwal
 Ashish Khandelwal
 Partner

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



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

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

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

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



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

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A) Cash flows from operating activities		
Profit before income tax		
Adjustments for	31.64	119.89
Depreciation and amortisation expense		
(Gain)/loss on sale of property, plant and equipment	420.76	373.76
Expected credit loss allowance	-	2.34
Balances written off	70.22	46.48
Interest income classified as investing cash flow	1.26	
Finance costs	(27.04)	(20.57)
Unrealised exchange (gain)/loss	169.28	176.46
	2.47	3.29
Operating profit before working capital changes	668.59	701.65
Changes in working capital		
(Increase) / decrease in trade receivables	(238.03)	(48.33)
(Increase) / decrease in current and non current financial assets	71.08	(242.15)
(Increase) / decrease in other current and non current assets	(103.49)	53.50
(Increase) / Decrease in short-term loans and advances		
Increase / (decrease) in trade payables	17.60	(82.45)
(Increase) / decrease in other financial liabilities	(8.91)	(27.84)
Increase / (decrease) in employee benefit obligations	13.63	26.93
Increase / (decrease) in other current and non current liabilities	3.11	32.19
Cash generated from operations	417.35	413.50
Income taxes paid (net of refunds received)	(100.64)	49.03
Net cash inflow / (outflow) from operating activities	316.71	462.52
B) Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(552.85)	(667.38)
Impairment of assets		
Proceeds from sale of property, plant and equipment and intangible assets		131.92
Bank balances not considered as cash and cash equivalents	(107.39)	(30.23)
Interest / Income on investment received	27.04	18.22
Net cash flows from investing activities	(633.20)	(547.46)
C) Cash flows from financing activities		
Proceeds from issue of Preference shares		
Proceeds from Rights issue	199.99	299.27
Proceeds from issue of Non-convertible debentures	7.00	-
Share application money received allotment pending	300.00	-
Increase/(Decrease) in non-current borrowings	300.00	-
Increase/(Decrease) in current borrowings	(83.42)	173.59
Principal elements of lease payments	183.18	28.89
Interest paid	(277.50)	(189.34)
Net cash inflows / (outflow) from financing activities	518.57	221.62
Net increase / (decrease) in cash and cash equivalents	202.09	136.69
Cash and cash equivalents at the beginning of the period	138.24	1.55
Cash and cash equivalents at the end of the period	340.32	138.24

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

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

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

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

Chartered Accountants

A C Khandelwal

Ashishi Khandelwal
 Partner

Membership No 049278

Place Pune

Date 22-09-2022

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

(IN) U72200MH2005PLC15733

Piyush Somani

Piyush Somani
 Chairman and Managing
 Director

DIN 02357582

Place Nashik

Date 22-09-2022

Komal Somani

Komal Somani
 Whole Time Director

DIN 08477154

Place Nashik

Date 22-09-2022

Prasad Deokar

Prasad Deokar
 Company secretary and
 compliance officer

M No A34350

Place Nashik

Date 22-09-2022



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

A. Equity share capital

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

Particulars	Note	Total
As at March 31, 2020		52.22
Change in equity share capital		-
As at March 31, 2021		52.22
Change in equity share capital (refer note no 15)	15	39.35
As at March 31, 2022		91.57

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and surplus			Other equity			Total other equity
		Securities premium account	Capital redemption reserve	Retained earnings	Revaluation reserve	Debtors Redemption Reserve	Share based payment reserve	
As at March 31, 2020	940.57	6.85	3.58	513.10	66.40	-	-	1,530.50
Profit for the year		-	-	87.09	-	-	-	87.09
Adjustment on account of fair valuation as on March 31, 2021		-	-	1.12	(1.12)	-	-	-
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings		-	-	0.23	-	-	-	0.23
Other comprehensive income		-	-	-	-	-	-	-
Equity component of compound financial instruments issued during the year	299.25	-	-	-	-	-	-	299.25
Total		0.00	0.00	88.44	-1.12	0.00	0.00	386.57
As at March 31, 2021	1,239.82	6.85	3.58	601.53	35.28	-	-	1,917.07
Profit for the year		-	-	21.05	-	-	-	21.05
Other comprehensive income		-	-	2.34	-	-	-	-
Adjustment of additional depreciation on increase in carrying value due to fair valuation transferred to retained earnings		-	-	1.12	(1.12)	-	-	-
Employee compensation expense for the period		-	-	-	-	-	-	-
Equity component of compound financial instruments issued during the period		-	-	-	-	-	-	-
Securities Premium on account of conversion of Compulsory convertible preference shares	199.99	1,407.63	-	-	-	-	5.45	5.45
Equity component of compound financial instruments converted during the period	1,459.81	-	-	-	-	-	-	1,407.63
Transferred from Retained Earnings		-	-	(30.00)	-	30.00	-	(1,459.81)
As at March 31, 2022		1,414.48	3.58	596.04	64.16	30.00	5.45	2,113.71

The above statement of changes in equity should be read in conjunction with the accompanying notes.
For Shah Khandeewal Jain & Associates

ICAI Firm Registration Number: 142740W

Chartered Accountants

A.C. Khandeewal

Partner

Membership No.: 049278

Place: Pune

Date: 22-09-2022



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

CIN: U72200MH2008PTC155433

Prayush Somani

Chairman and

Managing Director

Whole Time Director

Date: 22-09-2022

Place: Nashik

Date: 22-09-2022

DIP: 08477154

M No: A34350

Place: Nashik

Date: 22-09-2022

Date: 22-09-2022

Date: 22-09-2022



ESDS Software Solution Limited
Notes Forming Part of Separate Financial Statements for the period ended March 31, 2022
(All amounts are in Rupees millions, unless otherwise stated)

3 Property, plant and equipment

Particulars	Land	Leasehold land improvements	Buildings	Computer and data centre equipment	Office equipments	Furniture & fixture	Vehicles	Total
Opening gross carrying amount as on April 1, 2020	65.67	53.19	110.51	1,517.99	280.67	59.91	22.98	2,110.91
Additions during the year	-	-	-	428.98	159.96	7.70	9.48	606.12
Disposals during the year*	-	-	-	142.20	0.42	-	-	142.62
Gross carrying amount as on March 31, 2021	65.67	53.19	110.51	1,804.77	440.21	67.61	32.46	2,574.41
Accumulated depreciation till April 1,2020	0.38	0.93	1.24	229.43	36.48	5.66	4.14	278.25
Charge for the year	0.73	0.93	2.14	173.23	53.52	6.64	4.58	241.77
Accumulated depreciation on disposals during the year	-	-	-	15.89	-	-	-	15.89
Closing accumulated depreciation as at March 31, 2021	1.11	1.86	3.38	386.77	90.00	12.30	8.72	504.13
Net carrying amount as on March 31, 2021	64.56	51.33	107.13	1,418.00	350.21	55.31	23.74	2,070.28
*includes transfer on account of sale and lease back of assets having carrying amount of Rs 126.31 million.								

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

**As per Ind As 36 - Impairment of assets, during the current period impairment testing for assets pertaining to locations outside India has been done by the management. Management believes that there were significant changes which had an adverse effect due to political environment in that foreign country to which the assets are dedicated. The management has estimated that only 65% of these assets will be recoverable as on date, hence, decided to impair the assets to the extent of non-recoverable amount.

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

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

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



4 Right to use Asset

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

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

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

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

Lease liabilities

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



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5 Capital Work in Progress

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

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

Notes:

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




ESDS Software Solution Limited

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

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

6 Intangible assets

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

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



12



ESDS Software Solution Limited

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

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

6.a Intangible assets under development

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

* Refer note no 42 for ageing schedule



7 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Investments in subsidiaries		
ESDS Internet Services Private Limited		
9,000 (31 March, 2021 : 9,000) equity shares of Rs. 10 each	0.09	0.09
Investment In Equity Shares of ESDS Global Software Solution Inc		
1,000 (31 March, 2021: 1000) equity shares of \$1 each	0.07	0.07
Investment In Equity Shares of ESDS Cloud FZ LLC		
10 (31st March 2021: 10) equity shares of AED 1000 each	0.20	0.20
Investment In Equity Shares of Spochub Solutions Private Limited -		
1,99,800 (31 March, 2021: NIL) equity shares of Rs 10 each	0.20	0.20
Total investments	0.56	0.56

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

9 Other non-current assets

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




10 Trade receivables

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

*For ageing schedule refer note no. 42

11 Cash and cash equivalents

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

12 Other bank balances

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



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ESDS Software Solution Limited

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

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

13 Income - tax assets

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

Movement in income-tax assets

13.a

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

14 Other current assets

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

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

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



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15 Equity share capital

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

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

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

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

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

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

(i) Reconciliation of number of equity shares issued

Particulars	As at March 31, 2022	As at March 31, 2021
Shares outstanding at the beginning of the period		
	52,22,100	52,22,100
Split of shares from face value Rs.10 to Re.1 *		
Add: Conversion of 0.01% compulsory convertible preference shares of Rs 100 each	5,22,21,000	
Conversion of 16% compulsory convertible preference shares of Rs 100 each	2,35,14,770	
Conversion of 0.01% compulsory convertible preference shares of Rs 10 each	70,18,077	
Conversion of Compulsory Convertible Debentures	6,77,930	
Right Issues of Equity Shares	11,39,908	
	70,00,000	
Shares outstanding at the end of the period	9,15,71,685	52,22,100

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



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(ii) Reconciliation of issued equity share capital

Particulars	As at	
	March 31, 2022	March 31, 2021
Equity share capital at the beginning of the year		52.22
Add Conversion of 0.01% compulsory convertible preference shares of Rs 100 each	52.22	-
Conversion of 16% compulsory convertible preference shares of Rs 100 each	23.51	-
Conversion of 0.01% compulsory convertible preference shares of Rs 10 each	7.02	-
Conversion of Compulsory Convertible Debentures	0.68	-
Right Issues of Equity Shares	1.14	-
Equity share capital outstanding at the end of the year	7.00	-
	91.57	52.22

(iii) Terms/ rights attached to equity shares

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

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

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

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

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

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



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16 Other equity

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



l) Nature and purpose of equity component

Rights, preferences and restrictions attached to preference shares

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

H) Nature and purpose of reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilized 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 create Debenture Redemption Fund Investment at 15% of the amount to be redeemed

e) Revaluation Reserve

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



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Financial Liabilities

17.a Non current borrowings

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

* On 05th January 2022, Company have issued 300 Non-Convertible Debentures of Face Value of Rs.10,00,000 each for Rs.300 millions at 12% p.a redemable within 13 months from date of issue. (refer note no.44)

17.b Current borrowings

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

18 Other current financial liabilities

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

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

[^] Company have opened a Pre-IPO placement for its equity shares of 26,81,818 out of which shares application money for 13,63,637 shares have been received as at 31st March 2022 having face value of Rs.1 and premium of Rs.219. (refer note no.44)



AP



19 Employee benefit obligations

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

Gratuity

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

20 Trade payables

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

21 Other current liabilities

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

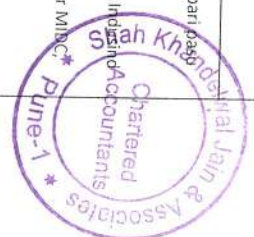



As at 31 March 2022

Sr. No	Name of the bank	Type of Facility	Q/s amount as at FY End	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd	Term Loans	327.38	upto 4 years 9 months	Ranging from 8.75% to 8.80%	<p>Primary - First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd. (both Present & Future)</p> <p>Collateral - Extension of First hypothecation charge on entire current assets of the company (both present & future) on pari passu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Common Collateral (for all the facilities) - Pari Passu charge with SBI on - Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Saptur, MIDC, Nashik, Maharashtra - 422007</p> <p>Additional Collateral (for all the facilities) -</p> <p>DSRA of Rs. 4.71 million</p> <p>RD of Rs. 0.5 million per month</p> <p>FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)</p> <p>Charge on patented technology and patented products of the company</p>
2	Axis Bank Ltd	Short Term Loans	91.75	On demand	8.75%	<p>Primary - First hypothecation charge on entire current assets of the company (both present & future) on pari passu basis with SBI, excluding receivables charged to SIDBI.</p> <p>Collateral - Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd.</p> <p>Common Collateral (for all the facilities) - Pari Passu charge with SBI on - Industrial land & building situated at Plot: No. B-24 & 25, NICE Industrial Area, Saptur, MIDC, Nashik, Maharashtra - 422007</p> <p>Additional Collateral (for all the facilities) -</p> <p>DSRA of Rs. 4.71 million</p> <p>RD of Rs. 0.5 million per month</p> <p>FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)</p> <p>Charge on patented technology and patented products of the company</p>
3	State Bank of India	Term Loans	73.42	upto 3 years 2 months	10.20%	<p>Primary - Exclusive charge by hypothecation of P&M purchased out of SBI TL</p> <p>Collateral - Extension of charge on hypothecation of all current assets of the company 1st pari passu charge with Axis Bank Ltd. excluding receivables charged to SIDBI.</p> <p>Common Collateral - Pari Passu charge with Axis Bank Ltd. on - Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Saptur, MIDC, Nashik, Maharashtra - 422007</p> <p>1st pari passu RD of Rs. 0.5 million per month</p> <p>1st pari passu on FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>1st pari passu on FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)</p> <p>Exclusive charge on FD of 0.25 Cr.</p>
4	State Bank of India	Short Term Loans	36.25	On demand	7.40%	<p>Primary - Hypothecation charge on entire current assets of the company (both present & future) on pari passu basis with Axis Bank Ltd, excluding receivables charged to SIDBI.</p> <p>Collateral - Extension of exclusive charge by hypothecation of plant & machinery purchased out of SBI TL, for Bengaluru Data Centre and extension of 1st pari passu charge by hypothecation of P&M purchased out of the project financed from consortium TIS.</p> <p>Common Collateral - Pari Passu charge with Axis Bank Ltd. on - Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Saptur, MIDC, Nashik, Maharashtra - 422007</p> <p>1st pari passu RD of Rs. 0.5 million per month</p> <p>1st pari passu on FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>1st pari passu on FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRA is Rs. 68.29 million)</p> <p>Exclusive charge on FD of Rs. 2.5 million</p>
4	Click Finance India Private Limited	Equipment Loan	13.96	20 months	12.50%	<p>Primary: First and exclusive charge on the equipment financed by the lender</p> <p>Lien on Security Deposits of Rs 2.97 million</p>
5	Hero FinCorp Ltd	Equipment Loan	11.32	upto 9 months	12.00%	<p>Primary: Hypothecation lien marked on the assets being funded by Hero Fincorp Limited</p> <p>Pg of Piyush Somani & Sarita Somani</p>



7	SIDBI*	RLDC (Long Term Loans)	18.85	upto 2 years 6 months	10.60%	<p>Primary - 1st charge by way of hypothecation on all the movables of the borrower including P&M, equipment, machinery spares, tools & accessories, office equipment, computers, furniture & fixtures, misc. fixed assets etc.</p> <p>Collateral - 1st charge in favor of SIDBI on cash flows generated from orders to be routed through designated escrow account</p> <p>1st charge in favor of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept for meeting debt service during temporary instances of liquidity tightness.</p> <p>Extension of 1st charge by way of hypothecation in favor of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the Company by SIDBI</p> <p>1st charge on escrow account with minimum balance of at least 3 month's debt servicing obligations to be retained. The amount will be used as first loss guarantee and SIDBI at its discretion, would set off over dues (if any) in respect of interest/principal/FI/PI remaining unpaid</p> <p>POA in favor of SIDBI for creation of residual charge in favor of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Satpur, Nashik - 422007.</p>
8	Tan Capital Financial Services	Equipment Loan	104.67	upto 2 years 6 months	12.65%	<p>Primary: Plant and Machinery purchased out of Term Loan</p> <p>Collateral: Fixed Deposits of Rs 7.01 million</p>
10	IDFC First Bank	Equipment Loan	3.63	12 months	16.00%	<p>Primary: Vehicle Purchased out of Loan</p>
11	Axis Bank Ltd	Auto Loan	0.27	8 months	8.90%	<p>Primary: Vehicle Purchased out of Loan</p>
12	Kotak Mahindra Prime Limited	Auto Loan	5.77	upto 3 years 8 months	9.19%	<p>Primary: Vehicle Purchased out of Loan</p>
16	ICICI Bank Limited	Auto Loan	4.21	31 months	8.25%	<p>Primary: Vehicle Purchased out of Loan</p>
17	Indusind Bank Limited	Term Loan	63.94	4 years 3 months	9.60%	<p>Primary: Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with SB and Axis Bank excluding receivables charged to SIDBI</p> <p>Collateral: 1) Movable Fixed Assets - First hypothecation charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p>2) Immovable Assets - First pari-passu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited & SBI</p> <p>3) FDR/Cash Deposit - First pari-passu charge on FD of Rs. 5,00 Cr. with Axis Bank & SBI</p> <p>4) Exclusive Charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>
18	Indusind Bank Limited	Short Term Loan	50.00	On demand	9.60%	<p>Primary: Current Assets - First hypothecation charge on entire current assets of the company both present and future on pari passu basis with SBI and Axis Bank excluding receivables charged to SIDBI</p> <p>Collateral: 1) Movable Fixed Assets - First hypothecation charge on entire movable fixed assets financed or reimbursed by Indusind Bank Ltd.</p> <p>2) Immovable Assets - First pari-passu charge on Industrial Land & Building at Plot No. B 24, 25, NICE Industrial Area, Satpur MIDC, Nashik, Maharashtra - 422007 with Axis Bank Limited & SBI</p> <p>3) FDR/Cash Deposit - First pari-passu charge on FD of Rs. 5,00 Cr. with Axis Bank & SBI</p> <p>4) Exclusive Charge on Keyman Insurance of Mr. Piyush Somani to be obtained and assigned in favour of Indusind Bank.</p>
19	Axis AIF	Non-Convertible Debentures	300.00	13 months	12%	<p>1st and exclusive charge over Identified Assets such that minimum 16 x cover over the outstanding NCD amount is maintained at all times. The company will provide copy of complete contract and schedule of expected cashflows. In case of delay in receipt of cashflows (lesser receipts by 20% in two consecutive months) investor has right to ask for security of additional receivables with counterparty rating above A. Provided, if an identified Liquidity Event has already occurred, this condition or additional security shall not apply.</p> <p>2) Personal Guarantee from the Promoter</p> <p>3) First and exclusive charge through pledge of 45,75,000 equity shares constituting to 5% holding in ESDS (on fully diluted basis) by Promoter or Promoter Group including P.O. Somani Family Trust ("Pledged Shares"), which shall be released one day prior to the RHP. However, in case IPO does not materialise in 15 calendar days from the date of release of shares, the company must re-pledge shares in maximum 2 business days.</p> <p>4) First charge by way of hypothecation over all the proceeds to the extent of the outstanding amount of NCD's on such date received by the Issuer from the Identified Liquidity Events</p> <p>5) First and exclusive charge over Escrow Account</p>
Total			1,105.44			



As at March 31, 2021

Sr. No	Name of the bank	Type of Facility	Out amount as on FY end	Residual repayment term	Interest Rate	Security
1	Axis Bank Ltd	Term Loans	333.56	upto 5 years	Ranging from 8.75% to 8.80%	<p>Primary - First hypothecation charge on entire movable fixed assets financed by Axis Bank Ltd (both Present & Future)</p> <p>Collateral - Extension of First hypothecation charge on entire current assets of the company (both present & future) on part passu basis with SBI, excluding receivables charged to SIDBI</p> <p>Common Collateral (for all the facilities) - Part Passu charge with SBI on - Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Sapur, MIDC, Nashik, Maharashtra - 422007</p> <p>Additional Collateral (for all the facilities) -</p> <p>DSRA of Rs. 4.71 million</p> <p>RD of Rs. 0.5 million per month</p> <p>FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRAs is Rs. 68.29 million)</p> <p>Charge on patented technology and patented products of the company</p> <p>Primary - First hypothecation charge on entire current assets of the company (both present & future) on part passu basis with SBI, excluding receivables charged to SIDBI</p> <p>Collateral - Extension of first hypothecation charge on entire movable fixed assets of the company financed by Axis Bank Ltd Industrial Area, Sapur, MIDC, Nashik, Maharashtra - 422007</p> <p>Additional Collateral (for all the facilities) -</p> <p>DSRA of Rs. 4.71 million</p> <p>RD of Rs. 0.5 million per month</p> <p>FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRAs is Rs. 68.29 million)</p> <p>Charge on patented technology and patented products of the company</p>
2	Axis Bank Ltd	Short Term Loans	99.71 (on demand)		8.75%	<p>Primary - Exclusive charge by hypothecation of P&M purchased out of SBI TL</p> <p>Collateral - Extension of charge on hypothecation of all current assets of the company 1st part passu charge with Axis Bank Ltd, excluding receivables charged to SIDBI</p> <p>Common Collateral - Part Passu charge with Axis Bank Ltd on - Industrial land & building situated at Plot No. B-24 & 25, NICE Industrial Area, Sapur, MIDC, Nashik, Maharashtra - 422007</p> <p>1st part passu RD of Rs. 0.5 million per month</p> <p>1st part passu on FD of Rs. 25.00 million with bank's lien, interest accrued on FD not to be released (value as on 31.03.2021 is Rs. 29.12 million)</p> <p>1st part passu on FD of Rs. 50.00 million with bank's lien (value as on 31.03.2021 along with DSRAs is Rs. 68.29 million)</p> <p>Exclusive charge on FD of 0.25 Cr</p>
3	State Bank of India	Term Loans	38.13	upto 5 years	10.20%	<p>Primary - First and exclusive charge on the equipment financed by the lender</p> <p>Lien on Security Deposits of Rs. 2.97 million</p> <p>Primary, Hypothecation lien marked on the assets being funded by Hero Fincorp Limited</p> <p>PG of Piyush Sonani & Sarda Sonani</p>
4	Fin Finance India Private Limited	Equipment Loan	20.31	12 months	12.50%	<p>Primary - 1st charge by way of hypothecation on all the movables of the borrower including P&M, equipment, machinery, spares, tools & accessories, office equipment, computers, furniture & fixtures, misc. fixed assets etc</p> <p>Collateral - 1st charge in favor of SIDBI on cash flows generated from orders to be routed through designated escrow account</p> <p>1st charge in favor of SIDBI on Debt Service Reserve in form of FD to the extent of 5% of the assistance disbursed may be generally kept meeting debt service during temporary instances of liquidity tightness.</p> <p>Extension of 1st charge by way of hypothecation in favor of SIDBI on all movables including movable machinery, machinery spares, tools and accessories required under the previous financial assistance sanctioned to the company by SIDBI</p> <p>1st charge on escrow account with minimum balance of at least 3 month's debt servicing obligations to be retained. The amount will be used as first loss guarantee and SIDBI at its discretion, would set off over dues (if any) in respect of Interest/principal/FIPI remaining unpaid</p> <p>POA in favor of SIDBI for creation of residual charge in favor of SIDBI by way of mortgage on its office land & building situated at Plot No. B-24/25, Nice Industrial Area, MIDC, Sapur, Nashik - 422007.</p>
5	Hero Fincorp Ltd	Equipment Loan	24.38	upto 21 months	12.00%	<p>Primary, Hypothecation lien marked on the assets being funded by Hero Fincorp Limited</p> <p>PG of Piyush Sonani & Sarda Sonani</p>
6	SIDBI*	RILOC (Long Term Loans)	47.72	upto 4 years	10.60%	<p>Primary - Plant and Machinery purchased out of Term Loan</p> <p>Lien on Fixed Deposits of Rs. 7.01 million</p> <p>Unsecured</p>
7	Tata Capital Financial Services	Equipment Loan	44.47	upto 39 months	12.65%	<p>Primary - Plant and Machinery purchased out of Term Loan</p> <p>Lien on Fixed Deposits of Rs. 7.01 million</p> <p>Unsecured</p>
8	IDFC First Bank	Equipment Loan	7.06	22 months	16.00%	<p>Primary - Plant and Machinery purchased out of Term Loan</p> <p>Lien on Fixed Deposits of Rs. 7.01 million</p> <p>Unsecured</p>
9	Axis Bank Ltd	Auto Loan	6.64	21 months	8.90%	<p>Primary - Vehicle Purchased out of Loan</p>
10	Kotak Mahindra Prime Limited	Auto Loan	7.51	upto 56 months	9.13%	<p>Primary - Vehicle Purchased out of Loan</p>



ESDS Software Solution Limited
 Notes Forming Part of Separate Financial Statements for the period ended March 31, 2022
 (All amounts are in Rupees millions, unless otherwise stated)

11	ICICI Bank Limited	Auto loan	6.46	30 months	8.25%	Primary Vehicle Purchased out of Loan
	Total		703.34			



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22 Income tax expense

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

23 Deferred Tax (Net)

(a) Income tax expense

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

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

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



24 Revenue from operations

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

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

A. Reconciliation of revenue recognised with contract price

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

25 Other income

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



26 Employee benefit expense

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

27 Finance costs

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

28 Depreciation and amortization expense

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



ESDS Software Solution Limited

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

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

29 Other expenses

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

Payment to auditors

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



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30 Earnings per share

(a) Earnings per share

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

(b) Profit reconciliation

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

(c) Weighted average number of shares used as denominator

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



APD



31 Contingencies and commitments

i) Capital commitments

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

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

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

- *In 2019, arbitration proceedings against the suit initiated by Trign Technologies Limited for a claim of Rs. 9442.8 million have commenced and pending as on date. The management, on the basis of legal opinion obtained by them is confident that the claim is frivolous and hence has not been provided for in the financial statements.
- a) The company has received legal opinion to the effect that the claim is neither be sustainable nor likely to lead to any financial claims. The company does not foresee any probable outflow in the matter and accordingly has not specifically disclosed the quantum under contingent liability.

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

- ^{^^}In October 2021, the Company has received notices from CGST Department under section 86A - where the department has reasons to believe that the company should reverse certain Input Tax Credit availed. The reply by the company has been submitted to the CGST department and the management is of the opinion that the claim made by the department is not tenable.
- c)

- ^{^^}In January 2022, the Company has received summons from CGST Department -Karnataka under section 70 - where the department has raised the inquiry in connection with evasion of GST by the company. The department raised the concerns with regards to availment of GST Input in invoices from vendors who are willful defaulters in payment of GST. Company have paid Rs.35.00 million including interest and penalty in DRC-03 against such invoices and written it off as expenses under exceptional item.
- d)

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

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

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

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



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32 Related party transactions

Related Party	Relation
Para 9(a)(ii): Individuals having Significant influence over Reporting Entity(RE)	
Piyush Somani	47.49% shares of company
Relatives of such individuals:	
Pooja Somani	Sister of Chairman and Managing Director
Prajakta Somani Jadhav	Sister of Chairman and Managing Director
Para 9(a)(iii): Individuals who are KMP of RE or KMP of Parent of RE	
Piyush Somani	Chairman and Managing Director
Sarla Somani	Director (till July 28,2021)
Komal Somani	Whole Time Director (w.e.f July 28, 2021)
Alipt Sharma (on behalf of GECC)	Nominee Director (from June 4, 2018)
Sandeep Mehta	Chief Financial Officer (From April 6,2020, till 19th May 2022)
Aniket Khandelwal	Compliance Officer and Company Secretary (From August 6, 2021 till 15th June 2022)
T.G Dhandapani	Independent Director (from July 27,2021)
A. V Ramesh Kumar	Independent Director (from July 27,2021)
Pamela Kumar	Independent Director (from July 27,2021)
Uma Mandavgane	Independent Director (from July 27,2021 : till 20th May 2022)
Prasad Deokar	Compliance Officer and Company Secretary (From 13th July 2022)
Para 9(b)(i): Entities that are parent, subsidiary, fellow subsidiary of RE	
ESDS Internet Services Private Limited	Subsidiary Company
ESDS Global Software Solution Inc.	Wholly owned Subsidiary Company
ESDS Cloud FZ LLC	Wholly owned Subsidiary Company
Spoohub Solutions Private limited	Wholly owned Subsidiary Company
Para 9(b)(vi): Individual RP as per Para 9a has control/JC over another entity	
Great Ideas in Action LLP	Komal Somani: Designated partner
Resvera Wines Private Limited	Komal Somani: Director



32 Related party transactions

I Nature of transactions and amounts

Nature of transactions	KMP		Relatives of KMP		Subsidiary		Individuals having control over another entity	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Salaries and allowances	11.74	9.93	1.84	4.23	-	-	-	-
Director remuneration	10.70	8.79	-	-	-	-	-	-
Loan given/(recovered)-net	(2.16)	-	(8.41)	8.50	(130.58)	49.13	-	-
Loan taken/(repaid)-net	-	(5.20)	-	-	-	-	-	-
Operating and other expenses	-	-	-	-	122.81	132.23	0.34	**0.61
Sales of services	-	-	-	-	60.20	-	0.07	**0.01
Director sitting fees	1.10	-	-	-	-	-	-	-
Interest income	-	-	-	-	14.61	10.37	-	-
Rental income	-	-	-	-	0.14	-	-	-
Investment in share capital	-	-	-	-	-	0.20	-	-
Total	21.37	13.52	(6.57)	12.73	67.17	191.93	0.41	0.62

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

II Outstanding receivable/(payable) balances

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

III Amount written off

Particulars	2021-22	2020-21
KMP	-	0.10

IV Compensation to KMP

Particulars	2021-22	2020-21
Short term employee benefits	22.44	18.72
Long term employee benefits	-	-
Retirement benefits*	-	-
Termination benefits	-	-
Share based payments	-	-

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

V Terms and conditions for outstanding balances

All outstanding balances are unsecured and payable in cash



33 Employee benefit obligations

A. Defined contribution plans :

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is defined contribution plan. The Company has no obligation other than to make the specified contribution. The contribution is charged to Statement of Profit and Loss as it accrues. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to Rs.22.12 (2021: 15.73) and other funds to Rs.1.11 (2021: 1.45).

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

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

B. Defined benefit plan

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

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

Change in fair value of plan assets	March 31, 2022	March 31, 2021
Fair value of plan assets at the beginning of the year		
Interest income	0.47	0.77
Transfer In / (Out)	0.03	0.05
Benefits paid	-	-
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	(0.32)	(0.35)
	0.19	0.47

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

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

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



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

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

(f) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:	March 31, 2022	March 31, 2021
Mortality rate	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Discount rate	6.80%	6.80%
Rate of growth in compensation level	7.00%	7.00%
Expected average remaining working lives of employees (in years)	58 years	58 years
Attrition rate	5% to 1%	5% to 1%

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

Sensitivity analysis

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

Change in Assumption	Defined benefit obligation	
	March 31, 2022	March 31, 2021
(i) 1% increase in discount rate	40.21	34.41
(ii) 1% decrease in discount rate	53.07	45.57
(iii) 1% increase in rate of salary escalation	52.98	45.49
(iv) 1% decrease in rate of salary escalation	40.17	34.38
(v) 1% increase in rate of withdrawal	40.35	39.41
(vi) 1% decrease in rate of withdrawal	40.35	39.50

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



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

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

Liability Risks

Asset-Liability Mismatch Risk-

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

Discount Rate Risk-

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

Future Salary Escalation and Inflation Risk -

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

Asset Risks

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

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

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

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

Liability Risks

Asset-Liability Mismatch Risk-

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

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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.

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Asset Risks

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

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

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

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



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34 Fair value measurements

Financial instruments by category

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

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

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

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

i) Fair value hierarchy

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



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As at 31st March 2022

Financial assets and liabilities measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets				
Non-current financial assets				
Term deposits with maturity more than 12 months from reporting date	-	-	151.35	151.35
Security deposits	-	-	50.60	50.60
Current financial assets				
Trade receivables	-	-	634.30	634.30
Cash and cash equivalents	-	-	340.32	340.32
Other bank balances	-	-	146.39	146.39
Unbilled revenue	-	-	339.05	339.05
Other current financial assets				
Security deposits	-	-	33.79	33.79
Loan to subsidiaries	-	-	34.19	34.19
Other loans and advances	-	-	-	-
Total financial assets	-	-	1,729.98	1,729.98
Financial liabilities				
Non-current financial liabilities				
Non-current borrowings	-	-	656.13	656.13
Lease liabilities	-	-	608.31	608.31
Other non-current financial liabilities				
Capital creditors	-	-	-	-
Debt component of compound financial instruments	-	-	-	-
Current financial liabilities				
Current borrowings	-	-	449.30	449.30
Lease liabilities	-	-	205.00	205.00
Trade payables	-	-	249.47	249.47
Unearned revenue	-	-	82.45	82.45
Other current financial liabilities				
Current maturities of long term borrowings	-	-	271.30	271.30
Capital creditors	-	-	143.66	143.66
Application money received for allotment of securities to the extent refundable and interest accrued thereon*	-	-	300.00	300.00
Total financial liabilities	-	-	2,965.62	2,665.62

As at 31 March, 2021

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




ESDS Software Solution Limited

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

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

Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices. However the Company does not have any financial instruments that are measured using Level 1 inputs

Level 2 - The fair value of derivatives is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

This is the case for unlisted preference shares included in Level 3

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include

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

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

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



35 Financial risk management

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

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

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

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

(a) Credit Risk

The Company is exposed to credit risk as a result of counterparties defaulting their obligations. The Company's exposure to credit risk primarily relates to trade receivables. The Company monitors and limits its exposure to credit risks on a reasonable basis. The Company's credit risk is associated with Trade Receivables is primarily related to customers not able to settle their obligations as agreed upon. To manage this, the Company periodically reviews the financial reliability of its customers, taken into account their financial conditions, current economic trends, analysis of historical bad debts and ageing of trade receivables. Financial instruments that are subject to such risks, principally consist of trade receivables, contract assets such as unbilled revenue, loans to subsidiaries, security deposits and cash and bank balances. None of the financial instruments of the Company results in material concentration of credit risk.

• Trade receivables/contract assets

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

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

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

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

Reconciliation of loss allowance and credit impairment provisions

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



(b) Liquidity Risk

The Company is exposed to liquidity risk related to its ability to fund its obligations as and when they become due. The Company monitors and manages the liquidity risk to ensure access to sufficient fund to meet operational and financial requirements. The Company has access to credit facilities and monitors cash and bank balances on a regular basis. In relation to the Company's liquidity risk, the Company's policy is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

March 31, 2022	Current	1 year to 3 years	More than 3 years	Total
Non-current financial liabilities				
Non-current borrowings		646.48	9.65	656.13
Lease liabilities		220.35	387.96	608.31
Other non-current financial liabilities				
Current financial liabilities				
Current borrowings	449.30			449.30
Lease liabilities	205.00			205.00
Trade payables	249.47			249.47
Unearned revenue				-
Other current financial liabilities	526.11			526.11
Capital creditors	143.66			143.66
Total	1,573.54	866.84	397.61	2,837.99

March 31, 2021	Current	1 year to 3 years	More than 3 years	Total
Non-current financial liabilities				
Non-current borrowings	-	307.54	132.01	439.55
Lease liabilities	-	149.08	420.86	578.94
Current financial liabilities				
Current borrowings	101.86	-	-	101.86
Lease liabilities	455.05	-	-	455.05
Trade payables	231.86	-	-	231.86
Unearned revenue	91.36	-	-	91.36
Current maturities of long term borrowings	164.27	-	-	164.27
Capital creditors	428.47	-	-	428.47
Total	1,472.87	456.62	561.87	2,491.36



(c) Market risk

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

(i) Foreign currency exchange rate risk

The Company deals with receivables from customers and payables to vendors. It is therefore exposed to foreign exchange risk associated with exchange rate

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

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

(ii) Interest rate risk

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

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

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

Sensitivity analysis

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

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



36 Share based payments

(a) Description of share based payment arrangements

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

Vesting conditions

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

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

(b) Measurement of fair values

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

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

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

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

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

(d) Reconciliation of outstanding share options

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

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

Exercisable at the end of the period

Nil



37 Capital Management

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

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

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

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

* includes current maturity of long term borrowing

38 Micro, Small and Medium Enterprises Development Act, 2006

As per the information available, the management has not received any information from their suppliers for the year ended 31 March 2022 confirming that they are covered under Micro, Small and Medium Enterprises Development Act, 2006. In management's view, the impact of any interest that may be payable (in accordance with the provisions of the Micro, Small and Medium Enterprise Development Act, 2006) on delayed payments to its micro or small suppliers is not expected to be significant.

39 Segment Information

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

The Company has identified business segment as its primary segment. In accordance with Indian Accounting Standard 108 - Segment Reporting, the Company has determined its business segment as "design, development, installation and servicing of information technology related resource". Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors based in India regarded as the Chief Operating Decision Maker ("CODM"). Since the entire Company's business is from information technology related resource there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2022 and for the year ended March 31, 2021.

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

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

Geographical Segment	Sales and Services		Total Assets	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
India	1,764.96	1,581.14	4,246.22	3,438.12
Outside India	167.37	138.13	56.81	264.13
Total	1,932.34	1,719.27	4,303.04	3,702.25

Information about major customers:

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



40 CSR Expenditure

As per provisions of section 135 of the Companies Act, 2013, the company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013.

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

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

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

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

Balance as at April 1, 2021		Amount required to be spent during the period	Amount spent during the period		Balance as at 31 March 2022	
With the Company	In Separate CSR Unspent account		From the Company's bank account	From Separate CSR Unspent account	With the Company	In Separate CSR Unspent account
NIL	-	-	-	-	-	-

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

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

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

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

41 FEMA

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



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42 Ageing Schedule

a) Trade Receivables

Outstanding for following period from due date of payment as at 31st March 2022

Particulars	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Expected Credit Loss Allowance	Total
Trade Receivables -Considered Good	484.81	175.59	51.87	40.47	6.01	(124.45)	634.30
Trade Receivables-Credit Impaired	-	-	15.65	-	-	(15.65)	-

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

Particulars	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Expected Credit Loss Allowance	Total
Trade Receivables -Considered Good	411.25	87.98	56.97	2.58	15.38	(103.96)	470.21
Trade Receivables-Credit Impaired	-	-	15.65	-	-	(15.65)	-

b) Trade Payables

Outstanding for following period from due date of payment as at 31st March 2022

Particulars	Less than 6 months	6 Months to 1 year	1 -2 years	2 -3 years	More than 3 years	Total
MSME	9.19	1.40	0.11	-	-	10.71
Others	219.35	11.22	3.88	4.31	-	238.77

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

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

c) Capital WIP

As at 31st March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
CWIP	0.70	-	-	-	0.70

As at 31st March 2021

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

d) Intangible asset under development

As at 31st March 2022

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

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

As at 31st March 2021

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

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



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43 Additional Regulatory Requirements
 i) Ratios to be disclosed

Ratios as per Schedule III		As at March 31, 2022			As at March 31, 2021			% Change in Ratio
Particulars	Formulae used for calculation of ratio	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio	
a) Current ratio	Current Assets/Current Liabilities	1,965.05	1,551.26	1.27	1,336.95	1,595.30	0.84	33.84%
b) Debt-Equity Ratio	(Non-current borrowings+ Current borrowings)/Total Equity	1,105.43	2,205.27	0.50	705.67	1,969.30	0.36	28.51%
c) Debt Service Coverage Ratio	EBITDA/Debt obligation	656.68	1,105.43	0.59	670.10	705.67	0.95	-59.85%
d) Return on Equity Ratio	Total comprehensive income/Shareholders Equity	23.39	2,705.77	0.008	07.31	1,909.30	4.43%	-318.06%
e) Trade Receivables turnover ratio	Revenue from operations/Average trade receivables	1,932.34	552.26	3.50	1,719.27	470.93	3.65	-4.34%
f) Trade payables turnover ratio	(Purchase of goods + Other expenses)/Average trade payables	641.88	240.66	2.67	500.48	273.09	1.83	31.29%
g) Net capital turnover ratio	Revenue from operations/(Current assets- Current liabilities)	1,932.34	413.79	4.67	1,719.27	-258.35	(6.65)	242.51%
h) Net profit ratio	Profit after tax/ Revenue from operations	23.39	1,932.34	1.21%	87.31	1,719.27	5.08%	-319.60%

Reasons for Change more than 25% from previous year

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

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

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

44 Events after balance sheet

a) Pre-IPO Placement:

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

b) Repayment of Non-convertible debentures

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

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

ACKhandelwal
 Ashish Khandelwal
 Partner
 Membership No. 019278



Place Pune
 Date 22-09-2022

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

P. Somani
 Pivash Somani
 Chairman and Managing Director

K. Somani
 Komal Somani
 Whole Time Director

Prasad Deokar
 Prasad Deokar
 Company secretary and compliance officer

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

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

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



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

1. Corporate information

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

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

2. Summary of significant accounting policies

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

2.1 Basis of accounting preparation and presentation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

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

(iii) Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;



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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(iv) Segment reporting:

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

Since the entire Company's business is design, development, installation and servicing of information technology related resource, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as reflected in the Financial Statements as at and for the period ended March 31, 2022.

(v) Cash flow statement

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



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

2.2 Property, plant and equipment

Initial recognition

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

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

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement after recognition

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

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

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

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

(b) Cost model for other class of assets

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

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

Depreciation methods, estimated useful lives and residual value

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



ESDS Software Solution Limited

Separate Financial Statements

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

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

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

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

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

2.3 Intangible assets (including intangible assets under development)

Software:

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

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

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

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

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

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



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Asset	Useful life (in years)
Software	10 and 3

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

2.4 Leases

As a lessee

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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



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

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

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

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

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

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

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

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

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

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

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

2.5 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they



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contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

2.6 Cash and cash equivalents

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

2.7 Unbilled revenue

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

2.8 Other financial assets

(i) Classification

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

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

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

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

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

(ii) Recognition

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

(iii) Measurement

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

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

Debt instruments



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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses). Impairment losses are presented as separate line item in the statement of profit and loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in statement of profit and loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

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

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

Impairment of financial assets

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

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

De-recognition of financial assets

A financial asset is derecognised only when

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



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

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

2.9 Income tax

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

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

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

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

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

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

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

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

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

Minimum Alternate Tax



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

2.10 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

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

2.11 Employee benefit obligations

Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity obligations

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

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

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



Defined contribution plans

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

2.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within the agreed credit days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Unearned revenue

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

2.14 Revenue from contracts with Customers

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

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

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.

Revenue recognition policy

The Company has following streams of revenue:

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

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

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



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

Revenue from contract with customers is recognized when the Company satisfies performance obligations by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/discounts. Accumulated experience is used to estimate and provide for the discounts/right of the return, using the expected value method.

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

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

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

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

The Company provides hosting services, design, implementation and support services under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered based on usage. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual man hours spent relative to the total expected man hours. Some contracts (Specially in case of Turnkey projects) include multiple deliverables, such as the sale of hardware and related installation services.

However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

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

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an usage based fee, revenue is recognised in the



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amount to which Company has right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(ii) Sale of products

Revenue from the sale of goods in the course of ordinary activities is recognised when property in the goods or significant risks and rewards of their ownership are transferred to the customer and significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of Goods and service tax and is net of discounts.

2.15 Interest income

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

2.16 Borrowing costs

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

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

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

2.17 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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



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