

June 02, 2022

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001  <b>Company Code No.: 543268</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  <b>Company Symbol: DRCSYSTEMS</b>
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Dear Sir / Madam,

**Sub: Annual Report of the Company for the F.Y. 2021-22 along with the Notice convening 10<sup>th</sup> Annual General Meeting**

In accordance with the General Circular No. 20/2020 dated May 5, 2020 read with other relevant circulars including the General Circular No. 21/2021 dated December 14, 2021 issued by the Ministry of Corporate Affairs and the relevant circulars issued by the Securities and Exchange Board of India, the 10<sup>th</sup> Annual General Meeting ("AGM") of the Company will be held on Wednesday, June 29, 2022 at 11.00 a.m. (IST) through Video Conferencing / Other Audio-Visual Means.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith the Annual Report of the Company for the Financial Year 2021-22 along with the Notice convening 10<sup>th</sup> Annual General Meeting ("AGM"), which is being sent to the Members of the Company through electronic mode in compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The Annual Report containing the Notice is also available on the website of the Company at [www.drcsystems.com](http://www.drcsystems.com)

Members are requested to note the following information:

Sr. No.	Particular	Details
1	AGM date and time	Wednesday, June 29, 2022 at 11.00 a.m.
2	Cut-off date for e-voting	Wednesday, June 22, 2022
3	E-voting start time	9.00 a.m. on Saturday, June 25, 2022
4	E-voting end time	5:00 p.m. on Tuesday, June 28, 2022

We request you to kindly take the same on your records.

Thanking you,

Yours faithfully,

For DRC Systems India Limited

  
**Jainam Shah**  
 Company Secretary



Encl.: As above

# ANNUAL REPORT

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**2021-22**



# TABLE CONTENTS

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## CORPORATE OVERVIEW

- 04 [About DRC Systems](#)
- 05 [Our Services](#)
- 08 [Our Team](#)
- 10 [Chairman's Message](#)
- 12 [MD's Message](#)
- 14 [Key Performance Indicators](#)

## STATUTORY REPORTS

- 15 [Management Discussion And Analysis](#)
- 21 [Notice](#)
- 33 [Director's Report And Annexures](#)

## FINANCIAL STATEMENTS

- 81 [Independent Auditor's Report](#)
- 91 [Standalone Financial Statement](#)





● **CORPORATE IDENTITY NUMBER:**

L72900GJ2012PLC070106

● **REGISTERED OFFICE:**

24<sup>th</sup> Floor, GIFT Two Building, Block No. 56, Road-5C, Zone-5, GIFT CITY,  
Gandhinagar, Taluka & District – Gandhinagar – 382 355 Gujarat, India

● **WEBSITE:**

[www.drcsystems.com](http://www.drcsystems.com)

● **Investor Email- ID:**

[ir@drcsystems.com](mailto:ir@drcsystems.com)

● **LISTED ON:**

The BSE Limited (Scrip Code: 543268)

The National Stock Exchange of India Limited (Symbol: DRCSYSTEMS)

● **STATUTORY AUDITORS:**

M/s. Rajpara Associates

Chartered Accountants

● **SECRETARIAL AUDITORS:**

M/s. SPANJ & Associates,

Company Secretaries

● **BANKERS:**

HDFC Bank Limited

Axis Bank Limited

ICICI Bank Limited

● **REGISTRARS & SHARE TRANSFER AGENTS:**

Link Intime India Private Limited

506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business

Centre, Near St. Xavier's College Corner, Off C G Road, Ahmedabad – 380 009

Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)



# Lateral thinking, Creative Thinking, Innovation Delivered

## About DRC Systems

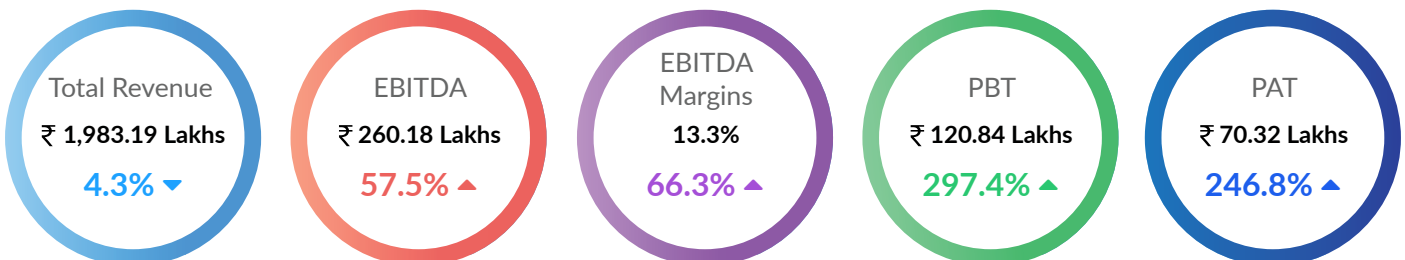
DRC Systems is an IT services, consulting and business solutions organization delivering lasting, effective and viable solutions globally. We believe our wide range of tech services that we offer enables us to build stronger relationships with our clients leading to organic growth and strategic transactions. We have consistently delivered value-for-money and effective solutions through IT for the global market by creating a professional environment for our talent, stakeholders, and clients.

We are focused on innovation and creativity to lead the change, since its advent in 2012. With competent teams of developers, project managers, and strategists, we help our customers overcome their business challenges with customized software development.

We have diversified our service offerings through a mix of organic growth and strategic transactions. We have build a wide range of services that we offer enables us to build stronger relationships with our clients and cross sell our services. We have developed and implemented online service framework for small and large corporate across India and abroad. We have built a robust business model generating revenues with profitable earnings.

We thrive to deliver the business solutions of tomorrow and we see every issue as an opportunity to offer an expected solution. Our services and solutions help businesses scale the market. Our customer base is spread across geographies. We transform and streamline the business activities of enterprises and deliver smart solutions that save time and improve the workflow.

## Performance Highlights during the Year



## OUR SERVICES

Our services and solutions help businesses scale the market. Our customer base is spread across geographies. We transform and streamline the business activities of enterprises and deliver smart solutions that save time and improve the workflow.




# Our Services and Processes



**Discovery**

- Consultancy
- Discovery Workshop
- Discovery Workshop

1



**Design**

- UI/UX
- Wireframe
- Frontend


2



**Development**

- Web Development
- Mobile Application Development
- Content Management Systems
- e-Commerce
- e-Learning

3



**Innovation**

- Blockchain
- Big Data
- IOT


4



**Transformation**

- Enterprise Resource Planning (ERP)
- Enterprise Solutions
- Digital Marketing
- Business Process Automation


5



**Insight**

- Data Analytics
- AI & Automation

6



**Deployment**

- DevOps
- Cloud
- Support And maintenance

7

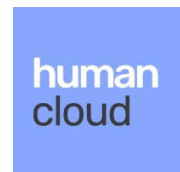


**Assurance**

- Cyber Security
- Manual Testing
- Automation Testing
- Performance Testing

8

# Few Customers & partnerships





## BOARD OF DIRECTORS



**Mr. Keyur Shah**  
Non-Executive  
Independent Chairman



**Mr. Hiten Barchha**  
Managing Director



**Mr. Janmaya Pandya**  
Executive Director and  
Chief Financial Officer



**Mr. Sanket Khemuka**  
Non- Executive  
Director



**Mr. Roopkishan Dave**  
Independent Director



**Mr. Jigar Shah**  
Independent Director



**Ms. Dipti Chitale**  
Independent Director

## AUDIT COMMITTEE



**Mr. Jigar Shah**  
Chairman



**Mr. Keyur Shah**  
Member



**Mr. Roopkishan Dave**  
Member



**Mr. Hiten Barchha**  
Member

## NOMINATION AND REMUNERATION COMMITTEE



Mr. Rookkishan Dave  
Chairman



Mr. Jigar Shah  
Member



Mr. Keyur Shah  
Member



Mr. Sanket Khemuka  
Member

## STAKEHOLDERS RELATIONSHIP COMMITTEE



Mr. Keyur Shah  
Chairman



Mr. Rookkishan Dave  
Member



Mr. Jigar Shah  
Member

## KEY MANAGERIAL PERSONNEL



Mr. Hiten Barchha  
Managing Director



Mr. Janmaya Pandya  
Executive Director and Chief  
Financial Officer



Mr. Jainam Shah  
Company Secretary &  
Compliance Officer



*Keyur Shah*

## Chairman's message

We are now the  
'Digital Partners' and not  
just 'Service Providers'.

## Dear Shareholders,

I hope to find you all safe and healthy as the pandemic has receded to a large extent but is still around, thus we all need to ensure not to let our guards down. It gives me immense pleasure to share with you all that despite a challenging economic climate during the FY-2021-22, which began with the COVID-19 assault and further deteriorated as the global economy plunged into disarray due to the war. DRC Systems India Limited fought all odds and registered a 246.8% jump in PAT year-on-year and maintained its optimum profitability.

The world economy dynamics are changing drastically, and it is bound to impact everyone. Fortunately, India is growing and it is in a very sweet spot today. Currently, the largest global economies are aggressively implementing the 'Global Supply

ChainShift'. In which they are reducing their dependence on China and moving a plethora of their businesses to other countries including India. Apart from the South East Asian countries, India is in a position to have extensive benefits due to this 'Global Supply Chain Shift'.

Having said that, with the western & large economies recalibrating, IT & Tech companies will grow further too. In the post-pandemic times, IT & Tech companies have demonstrated that they are not just any tool to modernize their company. But rather IT & Tech companies are their real digital partners that can keep their businesses active, even if the world is locked-down, and expand their market share across borders.

During the FY 2021-22, we expanded and invested as per our growth strategy to build and implement digital infrastructure in India and internationally. We have invested and acquired a 2.3% stake in the Netherlands-based AutoDAP B.V. and then entered into a contract with EMAR Group for developing the blockchain-based wallet.

As part of the international expansion, we have set up the first wholly-owned subsidiary (WOS) – DRC Systems EMEA LLC-FZ, in the United Arab Emirates, to strategically target the existing customers and tap the ever-growing IT and ITes sector in the Middle East and taking the demand to the next level.

Looking at the monumental opportunities, we have increased our recruitment for programmers and will further raise our employee counts as we strike more deals in the upcoming months. We have also established a new workstation in Ahmedabad to accommodate future work surges.

We have demonstrated ourselves as a capital-efficient business, where we focus on a Profit and Profit oriented business model. We have consciously as a company policy and strategy, kept ourselves away from the futile vicious cycle of capturing market share by throwing capital for expansion.

This wouldn't have been possible if we didn't have the support and trust of all our stakeholders - shareholders, investors, and our employees.

We are grateful to our employees for their constant efforts and dedication. All the credit for our success goes to our employees, patrons, and our clients. I hope we together will have an exciting and fulfilling journey in the coming years.

Thank You,  
**Keyur Shah**  
*Chairman*





*Hiten Barchaa*

## MD's message

We are entering FY 2023 with a splendid performance last year, strong order book, all time high demand on niche services combined with operational resilience.

## Dear Shareholders,

Back to normal from the pandemic, we have so much to feel happy about and to celebrate on the business front. It has been a consistently successful and profitable year. Our revenue was INR 1,950.11 Lakhs. We have seen positive and encouraging growth in operating margin, net margin, EBIDTA and PAT over last year. Our Profit was at record high INR 70.32 Lakhs reflecting growth of 246.8% compared to last year.

As an outcome to organic growth strategy, we have expanded across all industry verticals and major markets. We have steadily added new enterprise customer accounts that lead to sustainability and strategic transformational engagements. All our major markets

have seen significant growth viz United States, Europe, Middle East, and India.

As many businesses are embarking on digital transformation, cloud adoption and digital delivery of services, we have leveraged our deep expertise on eLearning, eCommerce and bespoke services combining with Cloud, Analytics, Blockchain and Cyber Security, we are seeing this as unique opportunity and our focus and investments will be on expanding and growing our existing accounts.

We have seen increasing client engagement from development to strategic discussions and consultancy,

migration of traditional operations to ERP, on-premise to cloud, cloud to multi-cloud and cloud native. Delivering these demands with future ready technology stake have made success stories of innovation and growth for our cutomers and multi-year engagement and sustainability for us.

We are tremendously focused on our employees related to their well-being, skill development and new talent expansion. We are proud of our culture and work environment. We are consistently investing in our employees to bring them the right opportunity to realise their full potential. We understand that having the right talent is a key to success. While we stay open to inorganic acquisitions, we will accelerate hiring of new fresh and experienced talents and skill development of our existing talents.

With the addition of key profiles and talent, our workforce have grown by 18%. We support and promote gender equality and our woman employee ratio is 25%. Into current market scenario, we were able to maintain and keep employee attrition ratio to 5%, very well below industry standard. This is a clear reflection of our strategy of stability and growth during this crisis and unmatched commitments of our employees.

We are entering FY 2023 with celebrating our outstanding performance last year, strong order book, all time high demand on niche services combined with operational resilience and improved market conditions. We are embarking on an exciting growth journey and better outcomes and therefore a greater future for our stakeholders. We thank you for your trust and look forward to your continued support on the journey ahead.

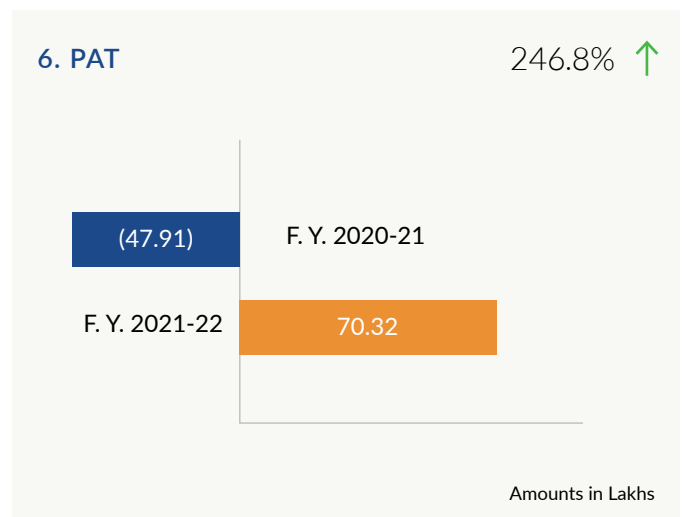
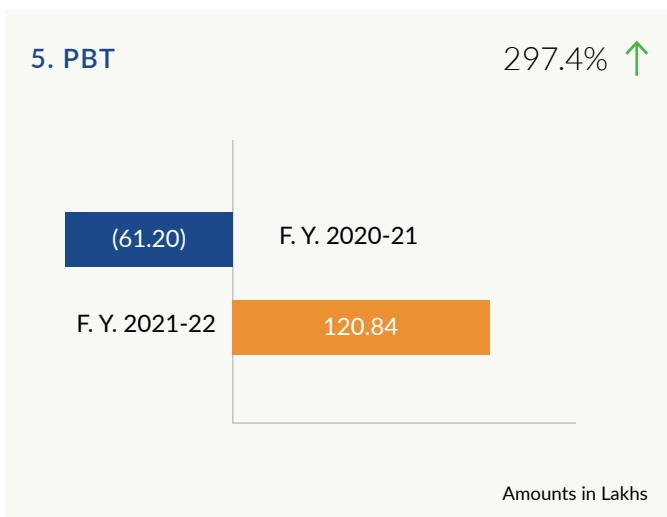
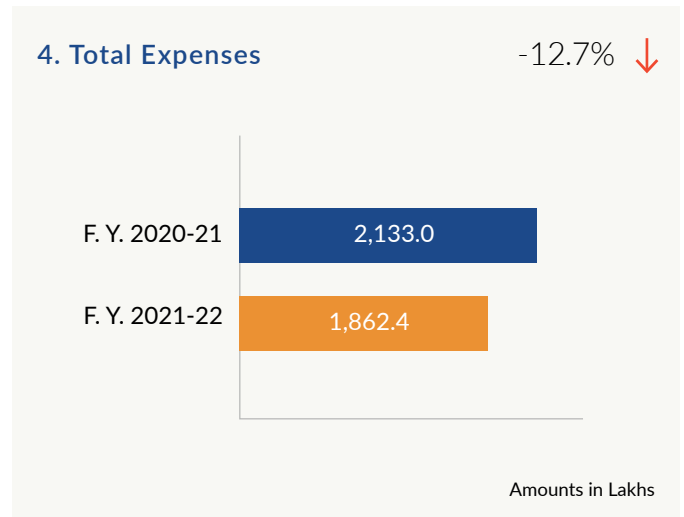
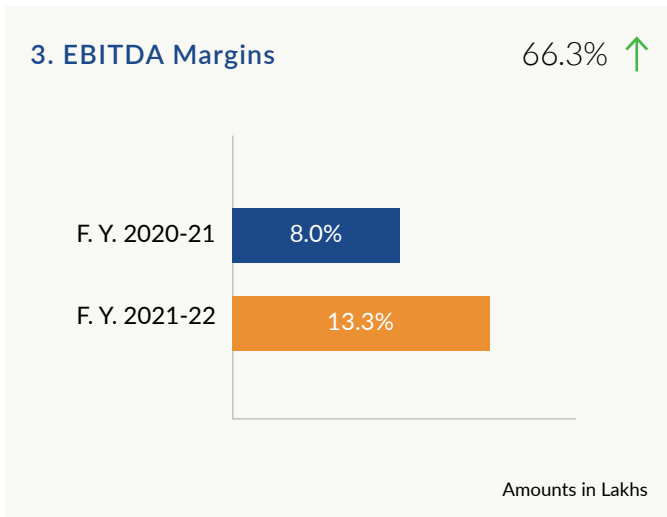
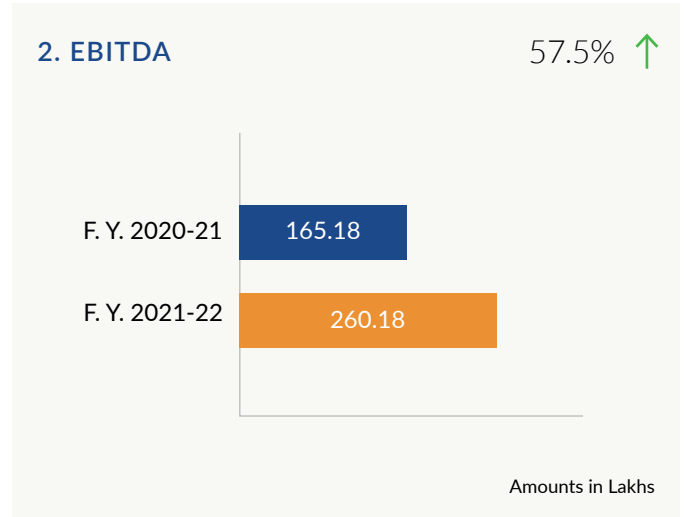
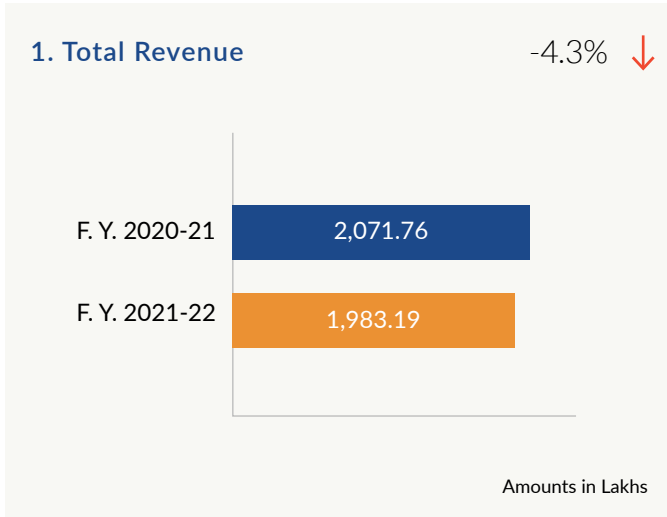
**Hiten Barchha**

*Managing Director*



# Delivering Strong Financials

## Key Performance Indicators



# Management Discussion and Analysis

## Industry and business overview

Industry is recovered from COVID-19 impact, yet going through threat of war between Russia and Ukraine.

The rise of enterprise application software, infrastructure software and managed services in the near and long term demonstrates that the trend toward digital transformation is not a one- or two-year trend, rather it is systemic and long-term.

With the current dearth of IT talent prompting more competitive salaries, technology service providers are increasing their prices, which is helping to increase spending growth in these segments through 2022 and 2023. Worldwide spending in IT services is expected to grow 6.8% to reach USD 1.3 trillion.

India is the world's largest sourcing destination with largest qualified talent pool of technical graduates in the world. The country has the low-cost advantage, being 5-6 times inexpensive than the US. India is the second-fastest digitising economy among 17 leading economies in the world.

Source: Gartner Forecasts Worldwide

## DRC Systems' Business

DRC Systems is an IT services, consulting and business solutions organisation delivering lasting, effective and viable solutions globally. We believe our wide range of tech services that we offer enables us to build stronger relationships with our clients leading to organic growth and strategic transactions. We have consistently delivered highest quality and effective solutions through IT for the global market by creating a professional environment for our talent, stakeholders, and clients.

We are focused on innovation and creativity to lead the change, since it's advent in 2012. With competent teams of developers, project managers, and strategists, we help our customers overcome their business challenges with customised software development.

We have diversified our service offerings through a mix of organic growth and strategic transactions. We have build a wide range of services that we offer enables us to build stronger relationships with our clients and cross sell our services. We have developed and implemented online service framework for small and large corporate across India and abroad. We have built a robust business model generating revenues with profitable earnings.

DRC Systems customer base spread across globe in geographies like Europe, United States, Middle East, Asia-Pacific and India. DRC Systems is service across industry verticals. The key verticals are Financial Services, Retail and Consumer, Education and Public Sector.



## Internal control system and their adequacy

We have an adequate system of internal controls in place with documented policies and procedures covering all financial and operational functions. These controls have been designed to provide a reasonable assurance to maintaining proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorised use or losses, compliances with regulations. We continue to align all our processes and controls with global best practices.

Some significant features of the internal control of systems are:

- The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems, their compliance with operating systems, accounting procedures and policies of DRC Systems Limited. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas, and thereby strengthen the controls. Significant Audit observations and corrective actions thereon are presented before the Board.
- There were no changes to our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting during the period covered in this Annual Report.
- Detailed business plans for each segment, investment strategies, year-on-year reviews, annual financial and operating plans and monthly monitoring are part of the established practices for all operating and service functions.
- We have adopted policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to the 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 disclosures.

## Risk Factors

Our business is susceptible to several risks and we believe in highlighting some of the key risks to maintain transparency with all our stakeholders. You should carefully consider these risks and all other information in the Annual Report. Any of these risks could adversely impact our business operations, financial position and prospects

### Uncertainty due to Covid 19 Pandemic:

- Even though the pandemic has reduced to an extent as a result of vaccination drives, there is a risk of further waves and emergence of new virus variants.
- Growth and service deliveries could be impacted in case of pandemic increasing to a certain extent with both demand and human capital being affected.

### Global and Local Economy Risk:

- Demand could be impacted by economic developments like inflation and reduction in consumer discretionary spending.
- Geo political concerns, trade wars and other volatilities in global economy may adversely affect the growth.

### Talent Retention and Intense Competition:

- Inability to attract key talent and its retention plays a major role in the current competitive environment in the IT industry and can impact the ability to deliver existing business engagements.

### Business Model and Technological Changes:

- Rapidly evolving and changing technologies and expansion into new technology, geographical regions, other web services is subject to additional business, legal, financial and competitive risks.

**Foreign Exchange Currency Risk:**

- DRC systems functional currency is the Indian Rupee. Volatility in foreign currencies or any adverse movement in foreign currency exchange rates could affect profitability.

**Cyber Attacks:**

- Any security breach or a cyber-attack in the current high risk environment with geo political tensions could result in reputational damage, financial liabilities, legal risks and penalties.

**Human resources**

At DRC systems India Limited, we consider it our responsibility to provide our people a favourable, secured and supporting work environment. At the same time, we have in place a well-defined Code of Conduct and ensure that ethical business practices are followed at all levels of the organisation. To maintain a constant connect between the organisational goals and employee performance, we have put in place a fair and objective performance management system. Our appraisal mechanisms help in identifying the best performing employees and rewarding them accordingly in terms of the best-in-class compensation packages. To sharpen the existing skills and for the overall development of our employees, we conduct training programmes from time to time. This also helps us in identifying the loopholes in our existing talent and the taking necessary steps to address them in the best manner possible.

We attract and hire developers, architects, project leaders and middle management and recruit students who have consistently shown high levels of achievement from campuses in India. DRC Systems continue to engage with employees for their reskilling talent and create new learning courses to meet the demands of this accelerated digital adoption. We also recognize that a diverse and inclusive workforce is necessary to drive innovation and guide business strategies resulting in 25 % of our total workforce being women. It is important for us to attract and retain quality software engineers with graduate or postgraduate degrees in engineering and with relevant technical skills in these challenging times. Our Compensation levels are merit based, determined by qualification, experience levels, special skills, and individual performance. As on March 31, 2022, DRC Systems employed 144 of which 119 were professionals involved in service delivery to clients, including trainees.

We are tremendously focused on our employees related to their well-being, skill development and new talent expansion. We are proud of our culture and work environment. We are consistently investing in our employees to bring them right opportunity to realise their full potential. We understand that having a right talent is a key to success. While we stay open to inorganic acquisitions, we will accelerate hiring of new fresh and experienced talents and skill development of our existing talents.

**Opportunities and Threats****Intense Competition and growth opportunity**

There is intense competition in the IT services industry and it sees a rapidly-changing marketplace with new competitors in niche technology areas who are focused on agility, flexibility and innovation. However, the ability to keep pace with ever-changing technology, understanding customer requirements and their application help us stay competitive by offering end to end services. We have consistently delivered highest quality and effective solutions through IT for the global market by creating a professional environment for our talent, stakeholders, and clients.

**Human Capital and Retention**

It is important for us to attract and retain quality software engineers with graduate or postgraduate degrees in engineering and with relevant technical skills in these challenging times. We have the ability to attract and retain high-quality management and technology professionals, and sales personnel with a very low attrition rate. Our appraisal mechanisms help in identifying the best performing employees and rewarding them accordingly in terms of the best-in-class compensation packages.

## Discussion on financial performance

### Analysis of Revenue

#### 1. Revenue from Operations

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Operating Revenue	1,950.11	2,059.49	-5.3%

- Revenue decreased from INR 2059.49 Lakhs in FY 2020-21 to INR 1950.11 Lakhs in FY 2021-22
- Revenue was more or less constant on account of subdued demand in the international market which was offset by strength in local markets. The company foresees strength in demand & prospects for digital skills across verticals continuing in the future.

#### 2. Other Income

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Other Income	33.09	12.27	169.7%

- Other Income increased from INR 12.27 Lakhs in FY 2020-21 to INR 33.09 Lakhs in FY 2021-22 mainly on account of foreign exchange fluctuations.

### Analysis of Expenses

#### 3. Contracting Expenses

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Contracting Expenses	615.65	933.46	-34.0%
% of Revenue	31.6%	45.3%	

- During the previous year, company felt that there were opportunities where it wanted to initiate new engagements wherever possible considering growth as the key factor. Given the challenging lead time to mobilize resources quickly, as employed, company has resorted to subcontracting expenses.
- In FY 2021-22, company has successfully hired freshers and development of inhouse resources resulting in reduction in cost.

**4. Employee Benefit Expenses**

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Employee Benefit Expenses	931.93	819.82	13.7%
% of Revenue	47.8%	39.8%	

- Employee benefit costs primarily consist of cost of salary including new recruitments and/or increments and other terminal benefits like, gratuity, provident fund contribution etc. along with cost of compensation of stock options issued to various eligible employees.
- This component forms a major part of our expenses.

**5. Finance Costs**

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Finance Costs	7.20	5.18	39.0%
% of Revenue	0.4%	0.3%	

- Finance Costs have increased from INR 5.18 Lakhs in FY 2020-21 to INR 7.2 Lakhs in FY 2021-22 which pertain to short term working capital requirements.
- The company continues to closely monitor its liquidity position and deploys a robust cash management system

**6. Depreciation and Amortization**

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Depreciation and Amortization Expenses	132.14	221.21	-40.3%
% of Revenue	6.8%	10.7%	

- Depreciation and Amortization expenses have reduced from INR 221.21 Lakhs in FY 2020-21 to INR 132.14 Lakhs in FY 2021-22 on account of an intangible asset fully amortized in FY 2021-22

**7. Other Expenses**

INR in Lakhs

	FY 2021-22	FY 2020-21	Change
Other Expenses	175.44	153.29	14.4%
% of Revenue	9.0%	7.4%	

- Other Expenses have increased from INR 153.29 Lakhs in FY 2020-21 to INR 175.44 Lakhs in FY 2021-22
- Major contributors to the increase in other expenses involve increase in Rent , commission expenses and other one-time expenses

## 8. Ratios

Ratio	FY 2020-21	FY 2019-20
Debt Equity Ratio	2.23	-
Trade receivables turnover ratio	2.77	3.50
Trade payables turnover ratio	4.56	4.60
Current Ratio	3.58	1.27
Net Profit Margin	3.55%	-2.31%
EBITA Margin	13.3%	8.0%
Operating Profit Margin	20.6%	14.9%
Return on Net Worth	11.3%	-11.8%
Earnings Per Share*	0.18	(0.12)
Debt Service Coverage Ratio	0.17	-
ROCE	5.58%	-9.26%
ROE	18.88%	-9.82%

For additional information kindly refer note 36

\*During the year, the Shareholders of the Company have approved the Split/Sub-division of each Equity Share of the Company from the existing Face Value of Rs. 10/- (Rupees Ten Only) per Equity Share to Face Value of Re. 1/- (Rupee One Only) per Equity Share in Extra Ordinary General Meeting held on February 25, 2022. The Record Date for Sub-division was March 17, 2022. The EPS for the year ended March 31, 2021 have been restated to give effect of split/sub-division.

# Notice of the 10<sup>th</sup> Annual General Meeting

NOTICE is hereby given that the **10<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of **DRC SYSTEMS INDIA LIMITED** will be held on Wednesday, June 29, 2022 at 11.00 a.m. IST through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanket Khemuka (DIN: 06910440), who retires by rotation, and being eligible, offers himself for re-appointment.
3. **To reappoint Statutory Auditors of the Company and to fix their remuneration:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s. Rajpara Associates, Chartered Accountants, (FRN: 113428W) be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years, who shall hold office from the conclusion of this 10<sup>th</sup> Annual General Meeting till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, to decide and/or alter the terms and conditions of the appointment including the remuneration for subsequent Financial Years as it may deem fit and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**Registered Office:**

24<sup>th</sup> Floor, GIFT Two Building,  
Block No. 56, Road-5C, Zone-5,  
GIFT CITY, Gandhinagar  
Taluka & District - Gandhinagar – 382 355

By the Order of the Board,  
**For DRC Systems India Limited**

**Jainam Shah**  
Company Secretary

**Date:** April 18, 2022

## NOTES:

1. The relevant Explanatory Statement in respect of the Ordinary business set out as an item No. 3 of the accompanying notice is annexed herewith.
2. A statement providing additional details of the Director seeking re-appointment as set out at Item No. 2 of the Notice is annexed herewith as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India ('ICSI').
3. In view of the continuing COVID-19 pandemic, pursuant to the General Circular No. 20/2020 dated May 5, 2020 read with other relevant circulars including General Circular No. 21/2021 dated December 14, 2021 issued by the Ministry of Corporate Affairs ("MCA") (collectively referred to as "MCA Circulars") and the applicable circulars issued by Securities and Exchange Board of India ("SEBI"), the Annual General Meeting ("AGM") of the Members of the Company is being held through VC / OAVM without the physical presence of the Members at a common venue. The registered office of the Company shall be deemed to be the venue for the AGM.
4. Pursuant to the provisions of the Companies Act, 2013 ("Act"), a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
5. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or Governing Body Resolution/ Authorization Letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Company by e-mail at [ir@drcsystems.com](mailto:ir@drcsystems.com).
6. Participation of Members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.
7. In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Member may note that Notice and Annual Report 2021-22 has been uploaded on the website of the Company at [www.drcsystems.com](http://www.drcsystems.com). The Notice and Annual Report 2021-22 can also be accessed from the websites of the Stock Exchanges i.e. the BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the Annual Report 2021-22 along with AGM Notice is also available on the e-voting website of Link Intime India Private Limited ("Link Intime") (agency for providing the Remote e-Voting facility) i.e. <https://instavote.linkintime.co.in>.
8. We urge Members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to up date their email addresses with the Company by providing necessary details like Folio No., Name of the shareholder by email to [ir@drcsystems.com](mailto:ir@drcsystems.com) to receive copies of the Annual Report 2021-22 in electronic mode.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, June 22, 2022 to Wednesday, June 29, 2022 (both days inclusive) for the purpose of AGM.

10. Shareholders seeking any information with regard to financial statements or any matter to be placed at the AGM are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.
  11. To support the "Green Initiative", A Members holding shares in physical form are requested to notify/send their email id and bank account details to the Registrar & Transfer Agent (RTA) of the Company i.e. Link Intime India Private Limited. In addition, members holding shares in the demat form are requested to contact their respective Depository Participant and register their email id and bank account for receiving all communication including Annual Report 2021-22, Notices, Circulars, etc. from the Company electronically.
  12. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.
  13. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the RTA of the Company i.e. Link Intime India Private Limited, 5<sup>th</sup> Floor, 506 to 508 Amarnath Business Centre - I (ABC - I), Beside Gala Business Centre, Nr. St. Xavier's College Corner Off C G Road, Navarangpura, Ahmedabad – 380 009, Gujarat, India for assistance in this regard.
  14. Pursuant to Section 72 of the Act, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the RTA of the Company i.e. Link Intime India Private Limited. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant. The Nomination Form is available on the Company's website i.e. [www.drcsystems.com](http://www.drcsystems.com).
  15. SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
  16. Pursuant to SEBI circulars dated November 3, 2021 and December 15, 2021, with regards to common and simplified norms for processing investors' service request by Registrars and norms for furnishing PAN, KYC details and nomination by the holders of physical securities, SEBI has made it mandatory for holders of physical securities to furnish PAN, KYC and nomination details by March 31, 2023, and link their PAN with Aadhaar by March 31, 2022. Members are requested to submit their PAN, KYC and nomination details to the Company's Registrar through the forms available at [www.drcsystems.com](http://www.drcsystems.com). In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, the Company's Registrar are obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. In case the securities continue to remain frozen as on December 31, 2025, such securities shall be referred by the Registrar/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or Prevention of Money Laundering Act, 2002.
- The investor service requests forms for updation of PAN, KYC, Bank details and Nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13, SH-14 and the said SEBI circular are available on the website of



the Company at [www.drccsystems.com](http://www.drccsystems.com). In view of the above, we urge the shareholders to submit the Investor Service Request form along with the supporting documents at the earliest.

17. Pursuant to SEBI circular SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, securities of the Company shall be issued in dematerialized form only while processing service requests in relation to issue of duplicate securities certificate, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition.

To avoid any inconvenience, you are requested to kindly convert your shares in demat form. In case of any clarification, shareholders are requested contact to the RTA at [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in).

18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

19. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act, the certificate from Secretarial Auditors of the Company certifying that the Employee Stock Option Scheme of the Company has been implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all other documents referred to in the Notice will be available for inspection in electronic mode during the AGM.

20. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship

Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

21. In compliance with the Circulars, the Annual Report 2021-22, the Notice of the 10<sup>th</sup> AGM and instructions for e-voting are being sent through electronic mode to those Members whose email addresses are registered with the Company / depository participant(s).

**22. Process for those members whose email ids are not registered - for registration of Email addresses to obtain AGM Notice/Annual Report of the Company:**

a) For Members holding shares in Physical mode - please provide necessary details like Folio No., Name of shareholder by email to [ir@drccsystems.com](mailto:ir@drccsystems.com).

b) Members holding shares in Demat mode can get their E-mail ID registered by contacting their respective Depository Participant or by email to [ir@drccsystems.com](mailto:ir@drccsystems.com).

**23. General Information:**

I. Shareholders/Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

II. Shareholders/Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

III. Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

IV. Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

- V. Shareholders who would like to express their views or ask questions during the AGM may register themselves as a speaker in advance at least 7 days before the AGM by sending their request from their registered email address mentioning their name, DP ID and Client ID / Folio Number, PAN, mobile number at ir@drcsystems.com. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

#### 24. VOTING THROUGH ELECTRONIC MEANS:

- A. In compliance with provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, and any other applicable provisions as amended, the Company is pleased to offer the facility of voting through electronic means and the businesses set out in the Notice above may be transacted through such electronic voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') is provided by Link Intime India Private Limited.
- B. The Members, who will be present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.
- C. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participant in the AGM through VC but shall not be entitled to cast their vote again.

- D. The remote e-voting period commences at 09:00 a.m. on Saturday, June 25, 2022 and ends at 05:00 p.m. on Tuesday, June 28, 2022. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Wednesday, June 22, 2022, may cast their vote by remote e-voting. Members have the option to cast their vote on any of the resolutions using the remote e-Voting facility either during the period commences at 09:00 a.m. on Saturday, June 25, 2022 and ends at 05:00 p.m. on Tuesday, June 28, 2022 or e-Voting during the AGM. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.
- E. The voting rights of shareholders shall be in proportion to their shares in the Paid Up Equity Share Capital of the Company as on the cut-off date, being Wednesday, June 22, 2022.

#### 25. Instructions for remote e-voting and e-voting at the AGM:

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post June 09, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ul style="list-style-type: none"> <li>• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password.</li> <li>• After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>• If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>• Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
Individual Shareholders holding securities in demat mode with CDSL	<ul style="list-style-type: none"> <li>• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>• After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINKINTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> <li>• If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>• Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E-Voting is in progress.</li> </ul>

Individual Shareholders (holding securities in demat mode) & login through their depository participants

- You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.
- Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders holding securities in Physical mode & e-voting service provider is LINKINTIME.

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
  - ▶ Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -
    - A. **User ID:** Shareholders/ members holding shares in **physical form shall provide** Event No. + Folio Number registered with the Company.
    - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
    - C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
    - D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
      - Shareholders/ members holding shares in **physical form** but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above
    - ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
    - ▶ Click “confirm” (Your password is now generated).
2. Click on ‘Login’ under ‘SHARE HOLDER’ tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.
4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
7. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

### Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian / Mutual Fund / Corporate Body’ login for the Scrutinizer to verify the same.

**Individual Shareholders holding securities in Physical mode & e-voting service Provider is LINKINTIME, have forgotten the password:**

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:**

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/depository participants website.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**Helpdesk for Individual Shareholders holding securities in demat mode:**

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login Type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

**Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.**

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

## 26. Process and manner for attending the Annual General Meeting through InstaMeet:

For a smooth experience of AGM proceedings, shareholders who are registered for the event are requested to download and install the Webex application in advance on the device that you would be using to attend the meeting by clicking on the link <https://www.webex.com/downloads.html/>.

Shareholders also have an option to click on the URL provided to attend the meeting. Please read the instructions carefully and participate in the meeting. For any support, shareholders may also call the RTA on the dedicated number provided in the instructions.

- a. Open the internet browser and launch the URL for InstaMeet <<<https://instameet.linkintime.co.in>>> and register with your following details:

DP ID / Client ID or Beneficiary ID or Folio No.	Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company.
PAN	Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable).
Mobile No.	Enter your mobile number.
Email ID	Enter your email id, as recorded with your DP/Company.

- b. Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

## 27. Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

- a. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
- b. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on 'Submit'.
- c. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
- d. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'.
- e. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
- f. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

28. In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

**29. Other Instructions:**

- I. M/s. SPANJ & Associates, Company Secretaries have been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the e-voting system on the date of the AGM in a fair and transparent manner.
- II. Based on the report received from the Scrutinizer, the Company will submit within Two working days of the conclusion of the Meeting to the stock exchanges i.e. the BSE Limited and the National Stock Exchange of India Limited, details of the voting results as required under Regulation 44(3) of the Listing Regulations and the shall also be placed on the Company's website [www.drcsystems.com](http://www.drcsystems.com) and on the website of Link Intime <http://instavote.linkintime.co.in>.
- III. Subject to the receipt of requisite number of votes, the Resolutions forming part of the AGM Notice shall be deemed to be passed on the date of the AGM i.e. Wednesday, June 29, 2022.

## Annexure to the Notice

### EXPLANATORY STATEMENT PURSUANT TO REGULATION 36(5) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

#### Item No. 3

M/s Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W) were appointed as the Statutory Auditors at the 5<sup>th</sup> Annual General Meeting of the Members of the Company held on September 20, 2017, for a period of five (5) years to hold office until the conclusion of the 10<sup>th</sup> Annual General Meeting.

In accordance with Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and read with the Companies (Audit and Auditors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification (s) or re-enactment(s) for the time being in force), M/s Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W) have provided their consent and eligibility certificate to that effect that, their re-appointment, if made, would be in compliance with the applicable laws.

Pursuant to Section 139(2) of the Companies Act, 2013, the Company can appoint an auditors firm for a second term of five consecutive years. Accordingly, the Board of Directors at its meeting held on April 18, 2022, based on recommendations of the Audit Committee, had approved the re-appointment of M/s. Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W), as the Statutory Auditors of the Company for another term of 5 (five) years i.e. from the conclusion of this AGM till the conclusion of the 15<sup>th</sup> Annual General Meeting. The re-appointment is subject to approval of the shareholders of the Company. The Board of Directors has approved a remuneration of Rs. 1.43 Lakhs for conducting the audit for the Financial Year 2021-22, excluding applicable taxes and reimbursement of out-of-pocket expenses on actuals. The remuneration proposed to be paid to the Statutory Auditors during the Financial Year 2022-23 would be in line with the existing remuneration and shall be commensurate with the services to be rendered by them during their tenure. The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends this Resolution to be passed as an Ordinary Resolution.

#### Registered Office:

24<sup>th</sup> Floor, GIFT Two Building,  
Block No. 56, Road-5C, Zone-5,  
GIFT CITY, Gandhinagar  
Taluka & District - Gandhinagar - 382 355

Date: April 18, 2022

By the Order of the Board,  
For DRC Systems India Limited

Jainam Shah  
Company Secretary



## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT:

[Pursuant to Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Paragraph 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India]

Particulars	Profile of the Director
Name of the Director(s)	Mr. Sanket Khemuka
DIN	06910440
Age	48 Years
Date of Birth	March 07, 1974
Date of first appointment on the Board	December 05, 2020
Experience & Expertise in specific functional areas	Mr. Sanket Khemuka has more than 20 years of progressive experience in developing strategic initiatives that support product management, branding, business development, and sales in the technology industry. He has a proven track record of deploying and managing complex network infrastructures, combined with extensive experience in big data analytics, SaaS, and unified communications, data centre, and cloud computing protocols. He also routinely conducts in-depth market research to gather valuable insights, identify opportunities, and improve product positioning.
Remuneration last drawn (including sitting fees, if any)	Please refer to the Corporate Governance Report (Annexure - A) as part of Director's Report
Number of Meeting of the Board attended during the Financial Year 2021-22	07 (Seven)
Names of other Companies in which the Director holds Directorship as on as on 31.03.2022	<ol style="list-style-type: none"> <li>1. Mugenesys Software Private Limited</li> <li>2. Mugenesys Software (India) Private Limited</li> <li>3. Playckc Interactive Private Limited</li> </ol>
Names of other listed Companies from which the Director has resigned in past three years.	Nil
Names of Committees of other listed Companies in which the Director holds Chairmanship/ Membership as on 31.03.2022	Nil
Shareholding in the Company as on 31.03.2022	Nil
In case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	NA
Relationships between Directors, Key Managerial Personnel and Managers of the Company	NA

# Directors' Report

## Dear Members,

Your Directors are pleased to present the 10<sup>th</sup> Annual Report of DRC Systems India Limited ("the Company" or "DRC"), along with the Audited Financial Statements, for the Financial Year ended March 31, 2022.

### 1. FINANCIAL RESULTS

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

Particulars	(Rs. In Lakhs)	
	Financial Year 2021-22	Financial Year 2020-21
Revenue from Operations	1,950.10	2,059.49
Other Income	33.09	12.27
<b>Total Income</b>	<b>1,983.19</b>	<b>2,071.76</b>
Total Expenditure other than Finance Cost, Depreciation and Tax	1,723.01	1,906.58
<b>Operating Profit / (Loss) before Finance Cost, Depreciation and Tax</b>	<b>260.18</b>	<b>165.18</b>
Less: Finance Cost	7.20	5.18
Less: Depreciation and amortization expenses	132.14	221.20
<b>Profit / (Loss) before Tax and Exceptional item</b>	<b>120.84</b>	<b>(61.20)</b>
Add: Exceptional Items	-	-
<b>Profit / (Loss) before Tax</b>	<b>120.84</b>	<b>(61.20)</b>
Less: Tax	50.52	(13.29)
<b>Profit / (Loss) for the period</b>	<b>70.32</b>	<b>(47.91)</b>
<b>Other comprehensive income/(Expenses) [net of tax]</b>		
Items that will not be reclassified to Profit or (Loss), net of tax	(0.84)	7.26
<b>Total comprehensive income/(Expenses) for the period</b>	<b>69.48</b>	<b>(40.65)</b>
Add: Balance brought forward from previous year	(25.92)	14.73
<b>Profit available for appropriation</b>	<b>43.56</b>	<b>(25.92)</b>
Transfer to General Reserve	-	-
Excess Losses pertaining to minority	-	-
Transition impact on account of adoption of Ind AS 116 "Leases"	-	-
<b>Balance carried over to Balance Sheet</b>	<b>43.56</b>	<b>(25.92)</b>

## 2. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

Your Company is a software development organization and deliver state-of-the-art IT business solutions to its clients across the globe by combining technical expertise and business acumen to deliver great results. Your Company contributes to the success of some of the powerful leading brands in the modern market. Your Company's customer base is spread across geographies and majorly to Europe, USA, Middle East and Asia.

Gross revenues decreased to Rs. 1,950.10 Lakhs, against Rs. 2,059.49 Lakhs in the previous year – a decline of (5%). EBITDA margin at 13 % in FY22 from 8% in FY21 on account of operating leverage achieved on growing scale which was also reflected in expenses as a percentage to revenue from operations decreased to 96 % [Rs. 1,862.36 Lakhs] as against 104% [Rs. 2,132.96 Lakhs] in the previous year. The Company has achieved Profit for the year at Rs. 70.32 Lakhs against Rs. (47.91) Lakhs in the previous year.

## 3. COVID-19:

The COVID-19 pandemic continued to be a global challenge, creating disruption across the world. In the first three months of Financial Year 2021-22, the second wave of the pandemic overwhelmed India. The Company has continued to operate and provide services to its customers, without any significant disruptions during ongoing COVID-19 crisis. However, disruptions to businesses worldwide and economic slowdown may have its eventual impact on the Company. The Company will continue to closely monitor any material changes to future economic conditions. The health and safety of our employees retained primacy throughout the pandemic. For majority of the year, work from home arrangements continued across business. The pandemic has acted as a catalyst to enhance our interventions to improve employee well-being.

## 4. TRANSFER TO RESERVES

Your Company does not propose to transfer any amount to the general reserves.

## 5. DIVIDEND

In order to conserve resources for business expansion, your Directors do not recommend any dividend for the Financial Year 2021-22.

## 6. CHANGE IN THE NATURE OF BUSINESS

Basic nature of business of the Company remains same and there is no change in business.

## 7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There have been no material changes and commitments affecting the financial position of your Company between the end of the Financial Year and date of this report.

## 8. CHANGE IN SHARE CAPITAL

The Paid up Equity Share Capital of the Company as on March 31, 2022 is 3,86,53,560 divided into 3,86,53,560 Equity Shares of Re. 1/- each.

## 9. SUB-DIVISION OF EQUITY SHARES

The Sub-division of Equity Shares of your Company from Face Value of Rs. 10/- each to Face Value of Re. 1/- each ("Stock Split") and consequent alteration in Capital Clause of Memorandum of Association of your Company was approved by the Members on February 25, 2022 at the Extra Ordinary General Meeting. The 'Record Date' for the purpose of ascertaining the Members entitled to receive the said Sub-divided Equity Shares was fixed by the Board as March 17, 2022. Subsequently, your Company has issued ten (10) Sub-divided Equity Shares of Face Value of Re. 1/- each in lieu of one (1) Equity Share of Face Value of Rs. 10/- each to the eligible Members of the Company. In case of Member holding Equity Shares of the Company in physical form, the Company, without requiring the surrender of old share certificate(s), has directly issued and dispatched the new share certificate(s) for the Sub-divided Equity Shares of Face Value of Re. 1/- each. The said new share certificate(s) were issued in lieu of the old share certificate(s), which were deemed to have been automatically cancelled and be of no effect. In the case of Equity Shares of the Company held in dematerialised form, the sub-divided Equity Shares have been duly

credited to the respective beneficiary accounts of the Members with the respective Depository Participants, as per the existing credits representing the Equity Shares of the Company. In view of the aforesaid Stock Split, the number of Equity Shares of your Company and price of underlying Equity Shares in the stock markets has been correspondingly adjusted by the Stock Exchanges, where your Company's shares are listed i.e. the BSE Limited and the National Stock Exchange of India Limited.

## 10. DEPOSITS

During the year, the Company has not accepted Deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ("Act") read with Companies (Acceptance of Deposits) Rules, 2014 made under Chapter V of the Act and any other provision of the Act, read with rules made there under.

## 11. ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Annual Return is available on the website of the Company at <https://www.drcsystems.com/investor-relations>.

## 12. DIRECTORS & KEY MANAGERIAL PERSONNEL

Pursuant to Section 149, 152 and other applicable provisions of the Act and the Articles of Association of the Company, Mr. Sanket Khemuka (DIN: 06910440), is liable to retire by rotation and being eligible offers himself for re-appointment. As the re-appointment of Director is appropriate and in the best interest of the Company, the Board recommends the re-appointment of the director for your approval.

Brief details of the Director proposed to be appointed as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is provided in the Notice of the AGM.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company,

other than sitting fees, commission and reimbursement of expenses, if any.

Mr. Hiten Barchha, Managing Director, Mr. Janmaya Pandya, Chief Financial Officer and Mr. Jainam Shah, Company Secretary are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51), 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force). During the year, there was no change (appointment or cessation) in the office of KMPs.

## 13. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Act and under Listing Regulations. They have registered their names in the Independent Directors data-bank. They have also affirmed compliance to the Conduct for Independent Directors as prescribed in Schedule IV of the Act. In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified under the Act and Listing Regulations and are independent of the management.

## 14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 15. FAMILIARIZATION PROGRAMME

The details of the familiarization programme undertaken during the year have been provided in the Corporate Governance Report which form part of this Annual Report.

## 16. BOARD MEETINGS HELD DURING THE YEAR

The Board met Seven (7) times during the Financial Year 2021-22. The meeting details are provided in the Corporate governance report which forms part of this Annual Report.

## 17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as on March 31, 2022, are given in the Notes to the Financial Statements, which forms a part of this Annual Report.

## 18. PARTICULARS OF RELATED PARTY TRANSACTIONS

With reference to Section 134(3)(h) of the Act, all the Related Party Transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. Prior omnibus approval was obtained

on a yearly basis for the transactions which were of a foreseeable and repetitive nature and the same were further executed on arm's length basis and in the ordinary course of business. Further, a statement giving details of all Transactions executed with Related Parties is placed before the Board of Directors on a quarterly basis for its approval/ ratification as the case may be. All the transactions entered with related parties were in compliance with the applicable provisions of the Act read with the relevant rules made thereunder and the Listing Regulations. Further, there were no materially significant related party transactions that may have potential conflict of interests of the Company at large. Accordingly, there are no transactions that are required to be reported in Form AOC-2. However, you may refer to Related Party Transactions in Note no. 24 of the Standalone Financial Statements.

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's Website at <https://www.drcsystems.com/policies>.

## 19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The disclosures to be made under Section 134(3) (m) of the Act read with rule 8 (3) of the Companies (Accounts) Rules, 2014 by the Company are as under:

### i. Conservation of Energy

Steps taken or Impact on Conservation of Energy:

The Company strives and makes conscious efforts to reduce its energy consumption through business operations of the Company which are not energy intensive. Some of the measures undertaken are listed below:

1. Usage of LED lights at office spaces that are more energy efficient.
2. Regular monitoring of temperature inside the office premises and controlling the Air Conditioning system.

3. Optimised cooling within data center facility to operate within permissible temperature range of IT equipment's.
4. PACs are deployed in shifts and groups to improve efficiency and life of equipment's.
5. Rationalisation of usage of electricity.
6. Planned preventive maintenance.

## ii. Technology Absorption

The Company by itself operates into the dynamic information technology space. The Company has adequate Member in Technology development functions and keep updating the changes in technology.

IT team constantly monitor and optimise usage of proprietary software within Company. They optimise cost by replacing proprietary software by open source wherever possible.

## iii. Foreign Exchange earnings and outgo

During the year under review, details of foreign exchange earnings and outgo are as given below:

(Rs. In Lakhs)

Particulars	Financial Year 2021-22	Financial Year 2020-21
Earning in Foreign Currencies	919.74	1168.98
Expenditure in Foreign Currencies	1.8	-

## 20. NOMINATION & REMUNERATION POLICY OF THE COMPANY

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Act read with the Rules issued thereunder and the Listing Regulations.

This Policy is available on the website of the Company i.e. <https://www.drcsystems.com/policies>.

## 21. BOARD EVALUATION

Pursuant to applicable provisions of the Act and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors. The annual performance evaluation of the Board, its Committees and each Director has been carried out for the Financial Year 2021-22 in accordance with the framework. The details of evaluation process of the Board, its Committees and individual Directors, including Independent Directors have been provided under the Corporate Governance Report which forms part of this Report. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

## 22. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, is presented in a separate section, forming part of this Annual Report.

## 23. CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Practicing Company Secretaries on its compliance forms part of this Report as **Annexure - A**.

## 24. COMMITTEES OF THE BOARD

Details of various committees constituted by the Board of Directors as per the provision of the Listing Regulations and the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this report.

## 25. SUBSIDIARY COMPANY

During the year under review, your Company has incorporated a Wholly Owned Subsidiary Company, namely "DRC Systems EMEA LLC-FZ" in Dubai and the same is yet to commence its business operations.

## 26. OVERSEAS INVESTMENT

During the year under review, your Company has acquired 2.3% stake of AutoDAP B.V. a Netherlands based Company. AutoDAP B.V. is a high growth Company with excellent management team. As a part of international expansion plans and with this investment, your Company is expecting more business opportunities from existing clients of AutoDAP B.V., their associates and partners.

## 27. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure - B** which forms part of this report.

The statement containing particulars of employees as required under Section 197 (12) of the Act read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company. If any Member is interested in obtaining a copy thereof, such Member may write to the Company at [ir@drcsystems.com](mailto:ir@drcsystems.com) in this regard.

## 28. DETAILS OF EMPLOYEE STOCK OPTION PLAN (ESOP)

DRC Employee Stock Option Plan 2021-22 ("the Plan") is administered under the instructions and supervision of the Nomination and Remuneration Committee ("NRC").

During the year, 31,575 options were granted to eligible employees of the Company in terms of the Plan. Further, necessary adjustments were made to the aforementioned options pursuant to the Sub-division of the Face Value of the Equity Shares of the Company.

The Plan is implemented in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI SBEBSE Regulations') with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives and promoting increased participation by them in the growth of the Company.

The Company has received a certificate from the Secretarial Auditors of the Company that the Scheme is implemented in accordance with the SEBI SBEBSE Regulations. A copy of the certificate would be available at the AGM for inspection by Members. The applicable disclosures as stipulated under SEBI SBEBSE Regulations with regard to Employees Stock Option Plan of the Company are available on the website of the Company at [www.drcsystem.com](http://www.drcsystem.com).

During the year ended March 31, 2022, there has been no material change in the Company's existing plan and the plan is in compliance with SEBI SBEBSE Regulations.

## 29. HUMAN RESOURCE

Our employees are our key strength, which has led us to achieve the results and various milestones in our organization's journey. The Company believes that attracting, developing and retaining talent is crucial to organizational success. The Company has several initiatives and programs to ensure employees experience a holistic and fulfilling career with IT sector.

Keeping employees informed, connected and engaged has always been crucial to our people strategy. We remain focused on building trust through a culture of openness, conversations and opportunities to speak up. We grew stronger as a team by supporting each other wholeheartedly throughout the F.Y. 2021-22. Employees, their talent and capabilities are our greatest asset, our competitive advantage. In a highly competitive environment, our formidable talent pool becomes our key differentiator.

With a focus on digitalization, we are also implementing several robust HR practices and processes to enhance employee experience, engagement and enablement to deliver exemplary results. Some of the initiatives include structured talent management process, employee engagement surveys to check employee pulse, performance management system and so on.

### 30. ENHANCING SHAREHOLDERS VALUE

Your Company is committed to creating and returning value to shareholders. Accordingly, your Company is dedicated to achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations.

Your Company strongly believes that its success in the marketplace and good reputation are among the primary determinants of shareholder value. Its close relationship with customers and a deep understanding of their challenges and expectations drive the development of new products and services. Anticipating customer requirements early and being able to address them effectively requires a strong commercial backbone. Your Company continues to develop this strength by institutionalizing sound commercial processes and building world-class commercial capabilities across its marketing and sales teams. Your Company uses an innovative approach in the development of its services, as well as execution of growth opportunities.

Your Company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact the economic, societal and environmental dimensions of the triple bottom line.

## 31. AUDITORS AND AUDITORS' REPORT

### I. STATUTORY AUDITORS:

M/s Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W) were appointed as the Statutory Auditors to hold office until the conclusion of the 10<sup>th</sup> Annual General Meeting of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has recommended the re-appointment of M/s Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W) as the Statutory Auditors of the Company, for a second term of five consecutive years, from the conclusion of the 10<sup>th</sup> Annual General Meeting till the 15<sup>th</sup> Annual General Meeting for approval of shareholders of the Company.

The Company has received written consent(s) and certificate(s) of eligibility in accordance with Sections 139, 141 and other applicable provisions of the Act and Rules issued thereunder (including any statutory modification (s) or re-enactment(s) for the time being in force), from M/s Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W).

#### Statutory Auditors' Report

During the period under review, no incident of frauds was reported by the Statutory Auditors pursuant to Section 143 (12) of the Act.

The Auditors' Report is enclosed with the financial statements forming a part of this Annual Report.



## II. SECRETARIAL AUDITORS:

In terms of Section 204 of the Act and rules made thereunder, the Board had appointed M/s. SPANJ & Associates, Practicing Company Secretaries, a peer reviewed firm, as the Secretarial Auditors to conduct an audit of the secretarial records for the Financial Year 2021-22.

### Secretarial Audit Report

Your Company has obtained Secretarial Audit Report as required under Section 204(1) of the Act from M/s. SPANJ & Associates, Practicing Company Secretaries. The said Report is attached with this Report as **Annexure - C**.

There are no remarks / qualification in the Secretarial Audit Report, hence no explanation has been offered.

## 32. RECLASSIFICATION OF PROMOTERS/ PROMOTER GROUP TO PUBLIC

During the year under review, the Board of Directors of the Company had received requests from the following Promoters and Members of the Promoter Group of the Company, for reclassifying their shareholding in the Company from the "Promoter and Promoter Group" category to the "Public" category, in accordance with Listing Regulations as amended and other rules, regulations and guidelines, as applicable, in this regard:

Sr. No.	Name of the Promoters and Members of the Promoter Group	Category
1.	Mr. Kirit Kadvabhai Gajera	Promoter
2.	Mr. Ajay Manjibhai Patel	Promoter
3.	Ms. Mital Kiritkumar Gajera	Promoter Group
4.	Ms. Kantaben Kadvabhai Gajera	Promoter Group
5.	Ms. Nitaben Lalitkumar Dobariya	Promoter Group
6.	Ms. Meera Kiritkumar Gajera	Promoter Group
7.	Mr. Madhav Kiritkumar Gajera	Promoter Group
8.	Ms. Rupali Dakhole	Promoter Group
9.	Ms. Virumatiben Patel	Promoter Group
10.	Ms. Leenaben Mendapara	Promoter Group
11.	Ms. Shorya Amdhare	Promoter Group
12.	Pushtisanskar Panchgavya Private Limited	Promoter Group

The Board of Directors of the Company at its meeting held on August 27, 2021, considered and approved the re-classification of the status of the said Promoters and the Members of Promoter Group from Promoter and Promoter Group Category to Public Category of the Company, subject to necessary approvals from the Shareholders, the Securities and Exchange Board of India (SEBI), Stock Exchanges, as may be required. Shareholders of the Company at the 9<sup>th</sup> Annual General Meeting, had approved the reclassification on September 28, 2021. Pursuant to the same, an application in terms of Regulation 31A of Listing Regulations was made to the Stock Exchanges for their approval for the reclassification.

The Company received the approvals from the BSE Limited and the National Stock Exchange of India Limited, on December 29, 2021 for reclassification of the said Promoters and the Members of Promoter Group to Public Category of the Company.

### 33. VIGIL MECHANISM

The Company has established a robust Vigil Mechanism and adopted a Whistle Blower Policy in accordance with provisions of the Companies Act, 2013 and Listing Regulations, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee. The policy of vigil mechanism ("Whistle Blower Policy") is available on the Company's website at <https://www.drcsystems.com/policies>.

### 34. INTERNAL FINANCIAL CONTROLS

Internal Financial Controls forms an integrated part of the risk management process, addressing financial and financial reporting risks. Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the auditors during the course of their audits. The internal financial controls have been documented, digitized and embedded in the business processes. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended. Detailed information on the same has been included under the Management Discussion & Analysis report forming part of this Annual Report.

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

The Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under the policy. During the Financial Year under review, no complaint has been received by the Company under this Policy. The Company is committed to provide a safe and conducive work environment to all its employees and associates.

The Policy for prevention of Sexual Harassment is available on the Company's website at <https://www.drcsystems.com/policies>.

### 36. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior Management. All the Board Member and Senior Management personnel have affirmed compliance with the code of conduct. The Code of Conduct of Board of Directors is also available on the Company's website <https://www.drcsystems.com/policies>.

### 37. SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

### 38. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts that are due to be transferred to Investor Education and Protection Fund by the Company.

### 39. OTHER DISCLOSURES

- The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2);
- The Audit Committee comprises namely of Mr. Jigar Shah (Chairman), Mr. Keyur Shah, Mr. Roopkishan Dave and Mr. Hiten Barchha, Members. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board;
- The Company has not issued Equity Shares with differential rights as to dividend voting or otherwise;
- The Company has not issued any Sweat Equity Shares to its Directors or Employees.

### 40. ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the committed services by every member of the DRC family whose contribution was significant to the growth and success of the Company.

The Board places on record its appreciation for the continued co-operation and support extended to the Company by customers, vendors, regulators, banks, financial institutions, rating agencies, stock exchanges, depositories, auditors, legal advisors, consultants and business associates with whose help, cooperation and hard work the Company is able to achieve the results.

The Board deeply acknowledges the trust and confidence placed by the customers of the Company and all its shareholders.

**Place:** Gandhinagar

**Date:** April 18, 2022

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

**Keyur Shah  
Chairman  
[DIN: 03111182]**

## ANNEXURE - A

**REPORT ON CORPORATE GOVERNANCE**

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations") and the report contains the details of Corporate Governance systems and processes at DRC Systems India Limited for the Financial Year ended on March 31, 2022 is given herein below:

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance means corporate fairness, transparency and accountability with which an organization conducts its activities, while applying the best management practices, complying with law in true letter & spirit and adhering to ethical standards for effective management and distribution of wealth. Ethically driven business processes form the foundation of a well-governed and socially responsible organization. The essence of Corporate Governance lies in integrity, transparency and accountability in all spheres of management, while striving towards long-term value creation for all stakeholders in a sustainable manner.

At DRC Systems India Limited ("DRC" or "the Company"), corporate governance is a reflection of the principles embedded in its values, policies and day-to-day business practices, leading to sustainable, value-driven growth of the Company. Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed towards maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

The Corporate Governance framework at DRC is based on the following guiding principles:

- Compliance of law, rules and regulations in true letter & spirit;
- Engaging a diverse and highly professional, experienced and competent Board of Directors, with versatile expertise in industry, finance, management and law;
- Appropriate systems and practices to protect, promote and safeguard the interests of all its stakeholders;
- Establishing a climate of trust and confidence among various stakeholders by means of transparent and timely disclosure of all material information;
- Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organization; and
- Embracing a trusteeship model in which the management is the trustee of the Shareholders' capital.

The Company has adopted a Code of Conduct for its employees including the Directors and the Key Managerial Personnel ("KMPs"). In addition, the Company has also adopted a Code of Conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ("Act"). The Company's Corporate Governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Companies Act, 2013, the Listing Regulations prescribed the governance mechanism by shareholders in terms of passing of ordinary and special resolutions, voting rights, participation in the corporate actions. Your Company follows a robust process to ensure that the shareholders of the Company are well informed of Board decisions both on financial and non-financial matters and adequate notice with a detailed explanation is sent to the shareholders well in advance to obtain necessary approvals.

## BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance in managing the Company, bringing in strategic vision and direction to oversee the achievement of its corporate objectives. Your Company actively seeks to adopt best global practices for an effective functioning of the Board and believes in having a truly diverse Board whose wisdom and strength can be leveraged for earning higher returns for its stakeholders, protection of their interests and better corporate governance. Therefore, DRC's Board is an ideal mix of knowledge, perspective, professionalism, divergent thinking and experience. DRC Board's uniqueness lies in the fact that the Board balances several deliverables, achieves sound corporate governance objectives in a promoter owned organisation and acts as a catalyst in creation of stakeholder value.

### A. Composition of the Board:

The Company has a very balanced and diversified Board of Directors. The Composition of the Board primarily takes care of the business needs and Stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are well qualified, experienced, competent and highly renowned persons from the fields of finance & taxation, economics, law, governance etc. They take active part at the Board and Committee Meetings by providing their valuable guidance and expert advice to the Board and the Management on various aspects of business, policy direction, governance, compliance etc. and play a critical role in resolving strategic issues, which enhances the transparency and adds value in the decision making process of the Board of Directors. The Company has also devised a policy on board diversity.

As per requirement of the Listing Regulations, the Board Structure of the Company maintains an optimum combination of Executive, Non-Executive Directors with at least One Woman (Independent) Director and not less than fifty percent of the Board of Directors comprising of Non- Executive Directors. The Composition of the Board is in conformity with the Listing Regulations. As on March 31, 2022, our Board comprises of Seven members, consisting of One Non-Executive and Independent Chairman, Two Executive Directors including One Managing Director, One Non-

Executive Director and Three Independent Directors including One-woman Independent Director. The Board periodically evaluates the need for change in its size and composition.

The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

### B. Directors' Directorships/Committee memberships

In accordance with Regulation 26 of the Listing Regulations, none of the Directors are members in not more than 10 committees excluding private limited Companies, foreign Companies and Companies under Section 8 of the Companies Act, 2013 or acts as a Chairperson of not more than 5 committees across all listed entities in which he/she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. Further, all Directors have informed about their Directorships, Committee Memberships/Chairmanships, including any changes in their positions. The Executive Director & Managing Director do not serve as Independent Directors in any listed Company. Relevant details of the Board of Directors as on March 31, 2022 are given below:

Name of Directors	Category	No. of Board Meeting held and attended during the year		No. of Directorship in other Public Company*	No. of Committee positions held in other Companies		Attendance at the last AGM held on 28-09-2021 Yes / No	Directorship in other listed entity (Category of Directorship)
		Held	Attended		Chairman	Member		
Mr. Keyur Shah DIN: 03111182	Non-Executive Independent Chairman	07	07	0	0	0	Yes	-
Mr. Hiten Barchha DIN: 05251837	Promoter/ Managing Director	07	07	0	0	0	Yes	-
Mr. Janmaya Pandya DIN: 09019756	Executive Director	07	07	0	0	0	Yes	-
Mr. Sanket Khemuka DIN: 06910440	Non - Executive Director	07	07	0	0	0	Yes	-
Mr. Roopkishan Dave DIN: 02800417	Non-Executive Independent Director	07	02	05	0	02	Yes	1. Infibeam Av- enues Limited (Non-Executive, Independent Director)
Mr. Jigar Shah DIN : 08174430	Non-Execu- tive Indepen- dent Director	07	07	0	0	0	Yes	-
Ms. Dipti Chitale DIN: 08991506	Non-Execu- tive Indepen- dent Director	07	07	0	0	0	Yes	-

\* The Directorship held by the Directors, as mentioned above excludes alternate directorships, directorships in foreign companies, Companies under Section 8 of the Companies Act, 2013 and Private Limited Companies, which were not the subsidiaries of Public Limited Companies.

### Directors' Inter-se Relationship:

None of the Directors of the Company are related inter-se.

### C. Number of Board Meetings:

The Company follows a methodized process of collective decision-making by the Board and its Committees. The meeting dates are usually finalized in consultation with all Directors, in order to ensure presence of all Board Members / Committee Members in the meetings. All agenda items and explanatory notes (except for price sensitive information, which is circulated separately before the meeting by complying with the applicable statutory provisions), including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of the Listing Regulations, are normally sent to the Directors well in advance for the Meetings of the Board and its Committees. To address specific urgent business needs, meetings are sometimes also called at a shorter notice by complying with the applicable statutory provisions. Utmost efforts are made to adhere to the minimum notice & agenda period in such cases.

The dates of the Board meetings are as under:

Date(s) on which meeting(s) were held			
April 16, 2021	May 14, 2021	July 30, 2021	August 27, 2021
October 12, 2021	January 19, 2022	March 29, 2022	

The Company Secretary attends the Board Meetings and advises the Board on compliances with applicable laws and governance processes.

During the year, the Board of Directors accepted all recommendations of the Committees of the Board, which were statutory in nature and required to be recommended by the Committee and approved by the Board of Directors. Hence, the Company is in compliance of condition of Schedule V of the Listing Regulations.

### D. Disclosures Regarding Appointment/Re-Appointment of Directors:

Mr. Sanket Khemuka, Non-Executive Director, is retiring at the ensuing Annual General Meeting, and being eligible, has offered himself for re-appointment.

In line with the requirements of Listing Regulations, the appointment/re-appointments, if any, are being made keeping in mind the proximity to 75 (seventy-five) years of age.

Brief resume and other relevant details of the Director proposed to be appointed are given in the Notice of the AGM.

**E. The shareholding of the Directors of your Company as on March 31, 2022**

Sr. No.	Name of Directors	Nature of Directorship	No. of shares held	Percentage to the paid up share capital
1.	Mr. Keyur Shah	Non-Executive Independent Chairman	NIL	0.00
2.	Mr. Hiten Barchha	Managing Director / Promoter	8,98,910*	2.33
3.	Mr. Janmaya Pandya	Executive Director	70*	0.00
4.	Mr. Sanket Khemuka	Non-Executive Director	NIL	0.00
5.	Mr. Roopkishan Dave	Non-Executive Independent Director	10*	0.00
6.	Mr. Jigar Shah	Non-Executive Independent Director	NIL	0.00
7.	Ms. Dipti Chitale	Non-Executive Independent Director	NIL	0.00

\* Sub Division/ Split of Equity Shares of the Company from Face Value of Rs. 10/- (Rupees Ten Only) per Equity Share to Face Value of Re. 1/- (Rupee One Only) per Equity Share w.e.f. March 17, 2022.

The Company has not issued any convertible instruments to any Directors of the Company during the Financial Year 2021-22.

**F. Evaluation of the Board Effectiveness:**

In terms of applicable provisions of the Companies Act, 2013 read with Rules framed thereunder and Part D of Schedule II of the Listing Regulations and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has put in place a process to formally evaluate the effectiveness of the Board, its Committees along with performance evaluation of each Director to be carried out on an annual basis. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the Listing Regulations. Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the Financial Year 2021-22.

Structured questionnaires were prepared to evaluate the performance of the Board as a whole, individual performance of each Director and self - assessment carried out by the Directors. The parameters of the performance evaluation process for Directors, inter alia, includes, effective participation in meetings of the

Board, understanding of the roles and responsibilities, domain knowledge, attendance of Director(s), etc. In assessing the overall performance of the Board, the parameters included the assessment of time devoted by the Board on the Company's long term goals and strategies, Board effectiveness, quality of discussions at the meetings of the Board, time spent and quality of discussions on key subjects like risk assessment and minimization, succession planning, discharging fiduciary and governance duties and performance of specific duties. The questionnaires for assessing the performance of the Committees of the Board included aspects like understanding of the terms of reference by the Committee members, adequacy of the composition of the Committees, Independence of the Committee from the Board, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties, performance of the Committee vis-à-vis its responsibilities, and quality of relationship of the Committee with the Board and the Management etc.



The Chairman of the Nomination and Remuneration Committee plays a vital role in undertaking the evaluation of performance of the entire Board of the Company, its Committees and individual Directors including Independent Directors. The Nomination and Remuneration Committee discussed on the evaluation mechanism, outcome and the feedback received from the Directors. The Independent Directors at their meeting also discussed the performance of the Executive / Non-Executive Directors including the Chairman of the Board.

The Board of Directors at its meeting held on March 29, 2022, has noted the overall feedback on the performance of the Directors and the Board as a whole and its Committees. The overall outcome of this exercise to evaluate effectiveness of the Board and its Committees was positive and members expressed their satisfaction.

#### **G. Independent Directors:**

The Company has on its Board, eminent Independent Directors who have brought in independent judgement to Board's deliberations including issues of strategy, risk management and overall governance. They have played a pivotal role in safeguarding the interests of all stakeholders.

The Board, inter-alia, considers criteria as prescribed under the Companies Act, 2013 and the Listing Regulations viz. positive attributes, area of expertise, number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy.

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations. The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of Independence specified in the Listing Regulations and are Independent of the management of the Company. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013.

As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not serve as an Independent Director in more than seven listed Companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

Policy of Code of Conduct and Term & Conditions of Appointment of Independent Director is placed on your Company's website <https://www.drcsystems.com/policies>.

#### **H. Independent Director databank registration**

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

#### **I. Independent Directors' Meeting:**

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once during the Financial Year 2021-22 on January 19, 2022, without the presence of Non-Independent Directors and members of the management team and inter-alia reviewed:

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

They expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express views on the business transacted at the Meetings and the openness with which the Management discussed various subject matters on the agenda of meetings.

**J. Familiarisation Programme:**

The Company conducts Familiarization Programme for the Independent Directors to enable them to be familiarized with the Company, its management and its operations to gain a clear understanding of their roles, rights and responsibilities for enabling their contribution to the Company. They are updated on all business related issues and new initiatives. They are also informed of the important policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading. They are provided a platform to interact with multiple levels of management and are provided with all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole.

Further, on an ongoing basis, Independent Directors are regularly updated in the Board Meetings on various matters inter-alia covering the Company's and its subsidiaries/associates businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. As a process when a new Director is appointed, a familiarization programme is conducted by the senior management team and whenever a new member is appointed to a Board Committee, information relevant to the functioning of the Committee and the role and responsibility of Committee members is informed.

Brief details of the familiarization programme are uploaded on the website of your Company, i.e. <https://www.drcsystems.com/policies>.

**K. Key Board qualifications, expertise and attributes:**

The Board of Directors of DRC comprises of qualified members, who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its Committees. The Board Members are committed in ensuring that DRC is in compliance with the highest standards of Corporate Governance. Considering the nuances of the business, the Board has identified the following key skills, expertise, competencies and attributes of Directors, which enable it to function effectively:

Global Business	Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Leadership	Extended leadership experience for establishing a clear vision, providing guidance, knowledge and methods to realize that vision, involving setting & achieving organizational goals and taking actions for achievement of such goals.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Business Development	Experience in developing strategies to increase business and market share, build brand awareness and enhance corporate reputation by creating long-term value for borrowers/investors, markets and all other stakeholders.

The following is the list of core skills/competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available within the Board Members:

Name of Director	Area of skills/expertise/ competencies				
	Global Business	Leadership	Governance	Strategy and Planning	Business Development
Mr. Keyur Shah	✓	✓	✓	✓	✓
Mr. Hiten Barchha	✓	✓	✓	✓	✓
Mr. Janmaya Pandya	✓	✓	✓	✓	✓
Mr. Sanket Khemuka	✓	✓	✓	✓	✓
Mr. Roopkishan Dave	✓	✓	✓	✓	✓
Mr. Jigar Shah	✓	✓	✓	✓	✓
Ms. Dipti Chitale	✓	✓	✓	✓	✓

**Note:** Each Director may possess varied combinations of skills/ expertise within the described set of parameters, however it may not be necessary that all Directors possess all skills/ expertise listed therein.

## COMMITTEES OF THE BOARD

The Board Committees play a vital role in strengthening the Corporate Governance practices. The Board Committees are set up under a formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board as a part of good governance practice. The Board supervise the execution of responsibilities by the Committee. Minutes of the proceedings of all the Committee meetings are circulated to the Board to discuss and take note of the same. The Board Committees may request special invitees to join the meeting, as deemed appropriate.

The Board of Directors of DRC functions either as full Board, or through various Committees constituted to oversee specific areas of business operations and Corporate Governance. Each Committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the Committee. The Committees meet at regular intervals, focus on their assigned areas and make informed decisions within the authority delegated to them.

As on March 31, 2022, the Board had the following Committees: -

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination & Remuneration Committee

## 1. AUDIT COMMITTEE:

The primary objective of Audit Committee is, to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in financial reporting process by the Management, internal auditors and independent auditors. The Audit Committee is responsible for selection, evaluation, and where appropriate, replacing the independent auditors in accordance with the law.

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The Audit Committee of the Company comprises of 4 members out of which 3 members are Non-Executive Independent Directors. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the Financial Year 2021-22 is detailed below:

Sr. No.	Name of Members	Category	Nature of Membership	Meeting Details	
				Held	Attended
1.	Mr. Jigar Shah	Non -Executive Independent Director	Chairman	07	07
2.	Mr. Keyur Shah	Non -Executive Independent Director	Member	07	07
3.	Mr. Rookishan Dave	Non -Executive Independent Director	Member	07	02
4.	Mr. Hiten Barchha	Managing Director	Member	07	07

Mr. Jainam Shah, Company Secretary, acts as a Secretary to the Committee.

The Committee invites the Statutory Auditors, Internal Auditors and other related functional executives of the Company to attend the meeting when required.

Date(s) on which meeting(s) were held		
April 16, 2021	May 14, 2021	July 30, 2021
August 27, 2021	October 12, 2021	January 19, 2022
March 29, 2022		

The Chairman of the Audit Committee, Mr. Jigar Shah was present at the AGM held on September 28, 2021. The Chairman of the Audit Committee briefs the Board members about the significant discussions held at the Audit Committee meetings.

Minutes of the Audit Committee Meetings are circulated to the members of the Board, discussed and taken note of.

The Audit Committee is empowered, pursuant to its terms of reference and its role, inter alia, includes the following:

**A. Scope and functions:**

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing with the Management, the financial statements of subsidiaries and in particular the investments made by each of them;
8. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed Issue by the Company;
9. Approval or any subsequent modifications of transactions of the Company with related parties;
10. Scrutinising of inter-corporate loans and investments;
11. Valuing of undertakings or assets of the Company, wherever it is necessary;
12. Evaluating of internal financial controls and risk management systems;

13. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
14. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussing with internal auditors on any significant findings and follow up there on;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. Reviewing the functioning of the whistle blower mechanism;
21. Review and approve, policy formulated for determination of material subsidiaries;
22. Review and approve, policy on related party transactions and also dealing with related party transactions;
23. Approving the appointment of the Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
24. Reviewing the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
25. To provide guidance to the Compliance Officer for setting forth policies and implementation of the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices;
26. To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer;
27. To give suitable directions for initiating penal action against any person upon being informed by the Compliance Officer that such person has violated the Code of Conduct for Prevention of Insider Trading and/or Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
28. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, 2013 or Listing Regulations or by any other regulatory authority.

**B. Power of Audit Committee:**

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**C. Reviewing Powers:**

The Audit Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee; and
6. Statement of deviations:
  - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
  - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of the Listing Regulations.

**2. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The Stakeholders' Relationship Committee has 3 Members comprising of all Non-Executive Independent Directors.

The constitution of the Stakeholders Relationship Committee of the Board of Directors of your Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Sr. No.	Name of Members	Category	Nature of Membership	Meeting Details	
				Held	Attended
1.	Mr. Keyur Shah	Non-Executive Independent Chairman	Chairman	04	04
2.	Mr. Roopkishan Dave	Non-Executive Independent Director	Member	04	01
3.	Mr. Jigar Shah	Non-Executive Independent Director	Member	04	04
<b>Date(s) on which meeting(s) were held</b>					
May 14, 2021		July 30, 2021		October 12, 2021	
January 19, 2022					

The Chairman of the Stakeholders' Relationship Committee, Mr. Keyur Shah was present at the AGM held on September 28, 2021.

The Committee looks into the matters of Shareholders'/ Investors grievances along with other matters listed below:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
5. Recommend measures for overall improvement of the quality of investor services;
6. Approve issue of duplicate certificates of the Company;
7. Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable.

Mr. Jainam Shah, Company Secretary is the Compliance Officer for complying with the requirements of Securities Laws.



### Investor Grievance Redressal:

Details pertaining to the number of complaints received and responded and the status thereof during the Financial Year 2021-22 are given below:

Nature of Complaints	Complaints received	Complaints resolved
Non receipt of certificates lodged for Transfer / Transmission, issue of Duplicate Shares	0	0
Non-receipt of dividend warrants	0	0
Non-receipt of annual report	0	0
Dematerialization /Rematerialization of shares	0	0
Others	0	0

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Link Intime India Private Limited attend all the grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

### 3. NOMINATION AND REMUNERATION COMMITTEE:

The role of the Nomination and Remuneration Committee is governed by its Policy and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee of the Company comprises of 4 Directors comprising of 3 Non-Executive Independent Directors and 1 Non-Executive Non-Independent Director.

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2021-22 is detailed below:

Sr. No.	Name of Members	Category	Nature of Membership	Meeting (s) Details	
				Held	Attended
1.	Mr. Rookkishan Dave	Non-Executive Independent Director	Chairman	03	00
2.	Mr. Jigar Shah	Non-Executive Independent Director	Member	03	03
3.	Mr. Keyur Shah	Non-Executive Independent Director	Member	03	03
4.	Mr. Sanket Khemuka	Non-Executive Director	Member	03	03

## Date(s) on which meeting(s) were held

April 16, 2021

August 27, 2021

October 12, 2021

The Company Secretary acts as a Secretary to the Committee.

The Chairman of the Nomination and Remuneration Committee, Mr. Roopkishan Dave was present at the AGM held on September 28, 2021.

The Minutes of the Nomination and Remuneration Committee Meetings are circulated to the members of the Board, discussed and taken note of.

The roles and responsibilities of the Committee covers the area as specified in the Listing Regulations, Companies Act, 2013 and other applicable laws, if any, besides other role and powers entrusted upon it by the Board of Directors from time to time. The roles and responsibilities of the Committee include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the performance of the Independent Directors and the Board;
3. Recommend to the Board the appointment or re-appointment of Directors;
4. Recommend to the Board the appointment of Key Managerial Personnel;
5. Devising a policy on Board diversity;
6. Specify methodology for effective evaluation of performance of Board/ Committees/Directors either by Board, Nomination and Remuneration Committee or an Independent external agency and to review implementation of evaluation system;
7. Carry out the evaluation of every Director's performance and formulate criteria for evaluation of Independent Directors, Board/Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
8. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
9. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
10. Analysing, monitoring and reviewing various human resource and compensation matters;
11. Determining the company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
12. Recommending the Board, remuneration payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
13. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

14. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and other regulations;
15. Suggesting to Board/ shareholder's changes in the Employee Stock Option Plan (ESOP) and Stock Appreciation Rights (SAR), if any;
16. Deciding the terms and conditions of ESOP and SAR;
17. Performing such other activities as may be delegated by the Board of Directors and/or specified/provided under the Companies Act, 2013 or Listing Regulations or by any other regulatory authority;
18. Identifying familiarization and training programs for the Board to ensure that Non-Executive Directors are provided adequate information regarding the operations of the business, the industry and their duties and legal responsibilities.

### **Nomination and Remuneration Policy:**

The Company has formulated a Nomination and Remuneration Policy which indicates criteria for making payment to Non-Executive Directors. As per the said Policy, the remuneration / commission to Non-Executive Directors shall be in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force. The Non-Executive / Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committees thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 per meeting of the Board or Committees.

The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at <https://www.drcsystems.com/policies>.

### **Performance Evaluation:**

Upon recommendation of Nomination and Remuneration Committee the Board of Directors has laid down the process, format, attributes and criteria for performance evaluation of the Board of the Company, its Committees and the individual Board members, including Independent Directors. On the basis of performance evaluation of Independent Directors, it is determined whether to extend or continue their term of appointment, whenever their respective term expires.

The Independent Directors at their separate meeting reviewed the performance of: Non-Independent Directors and the Board as a whole, Chairperson of the Company after taking into account the views of Executive Directors and Non-Executive Directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

The performance evaluation process for the Financial Year 2021-22 has been completed.

### **Remuneration to Directors:**

#### **i. Executive Director**

The Board in consultation with the Nomination and Remuneration Committee decides the remuneration structure for Executive Directors etc. On the recommendation of the Nomination and Remuneration Committee, the Remuneration payable is approved by the Board of Directors and by the members in the General Meeting in terms of provisions applicable from time to time. The details of remuneration including

commission to all Executive Directors for the Financial Year 2021-22 are as follows and the same is within the ceiling prescribed under the applicable provisions of the Companies Act, 2013.

(Rs. In Lakhs)

Name and designation	Service Contracts	Notice Period	Salary	Com- mission	Pen- sion	Perquisites and other allowances	Sever- ance Fee	Perfor- mance linked incentives	Perfor- mance criteria	Stock options (No. of Options)
Mr. Hiten Barchha (Managing Director)	Appointed w.e.f. November 09, 2020 till November 08, 2023	As per the rules of the Company	51.00	0	0	0	Nil	Nil	Nil	0
Mr. Janmaya Pandya (Executive Director and Chief Financial Officer)	Appointed w.e.f January 06, 2021 till January 05, 2024		11.10	0	0	0	Nil	Nil	Nil	12,500*

\*During the Financial Year 2021-22 Stock Options were granted in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and DRC Employee Stock Option Plan 2021-22. The said stock options are post Sub-Division of Equity Shares of the Company from Face Value of Rs. 10/- to Re. 1/- per Equity Share w.e.f. March 17, 2022.

## ii. Non-Executive Directors:

Sitting fees has been paid to Non-Executive Directors for the Financial Year 2021-22 and the same is within the ceiling prescribed under the applicable provisions of the Companies Act, 2013.

There are no pecuniary relationship or transaction between the Non-Executive Independent Directors and the Company. The Company has not granted any stock option to its Non-Executive Directors during the Financial Year 2021-22.

The Company has also taken a Directors' & Officers' Liability Insurance Policy.

Details of remuneration paid to Directors for the Financial Year 2021-22 is as under:

(Rs. In Lakhs)

Name and designation	Designation	Sitting Fees	Salary & Perquisites	Commission	Total
Mr. Hiten Barchha	Managing Director	0	51.00	0	<b>51.00</b>
Mr. Janmaya Pandya	Executive Director and Chief Financial Officer	0	11.10	0	<b>11.10</b>
Mr. Keyur Shah	Non-Executive Independent Chairman	2.45	0	0	<b>2.45</b>
Mr. Sanket Khemuka	Non-Executive Independent Director	1.35	0	0	<b>1.35</b>
Mr. Jigar Shah	Non-Executive Independent Director	2.45	0	0	<b>2.45</b>
Mr. Roopkishan Dave	Non-Executive Independent Director	0.60	0	0	<b>0.60</b>
Ms. Dipti Chitale	Non-Executive Independent Director	1.05	0	0	<b>1.05</b>

The Executive Directors are not being paid sitting fees for attending meetings of the Board of Directors and its committees.

#### SUBSIDIARY COMPANIES

As on March 31, 2022, Your Company does not have a material subsidiary Company in terms of Regulation 16 of the Listing Regulations.

The Policy for determining “material” subsidiaries has been placed on the website of your Company i.e. <https://www.drccsystems.com/policies>.

**GENERAL BODY MEETINGS****a. Details of last three Annual General Meetings of the Company are given below:**

Financial Year	Date	Time	Venue	Whether any Special Resolution Passed
2018-19	August 16, 2019	11.00 a.m.	24 <sup>th</sup> Floor, GIFT Two Building, Block No. 56, Road-5C, Zone-5, GIFT CITY, Gandhinagar - 382 355	Yes <b>1. Special Resolutions:</b> Conversion from Private Company to a Public Company. <b>2.</b> Alteration of Name Clause contained in the Memorandum of Association. <b>3.</b> Adoption of new set of Articles of Association as per Companies Act, 2013.
2019-20	September 29, 2020	11.00 a.m.	24 <sup>th</sup> Floor, GIFT Two Building, Block No. 56, Road-5C, Zone-5, GIFT CITY, Gandhinagar - 382 355	Yes <b>Special Resolutions:</b> <b>1.</b> Approval for increase in the limits of inter corporate loans/ investments/ guarantee etc. under Section 186 of The Companies Act, 2013. <b>2.</b> Approval for increase in the limits of creation of charge/ mortgage under section 180 (1) (a) of The Companies Act, 2013. <b>3.</b> Approval for increasing in the limits of borrowing power under section 180 (1) (c) of The Companies Act, 2013.
2020-2021	September 28, 2021	10:00 am	24 <sup>th</sup> Floor, GIFT Two Building, Block No. 56, Road-5C, Zone-5, GIFT CITY, Gandhinagar - 382 355	Yes <b>Special Resolutions:</b> <b>1.</b> Approval for Appointment of Mr. Janmaya Pandya as an Executive Director. <b>2.</b> Approval of the DRC Employee Stock Option Plan 2021-2022 of the Company and Grant of Employee Stock Options to the Employees of the Company. <b>3.</b> Approval of the DRC Employee Stock Option Plan 2021-2022 of the Company and Grant of Employee Stock Options to the Employees of the Holding and Group Company (ies) including subsidiaries and associates of the Company.

**b. Whether special resolutions were put through postal ballot last year, details of voting pattern:**

During the year under review, no resolution was passed through Postal Ballot.

**c. Whether any special resolution is proposed to be conducted through postal ballot:**

No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

## **MEANS OF COMMUNICATION**

We have established procedures to disseminate, in a planned manner, relevant information to our shareholders, analysts, employees and the society at large. The details of the means of communication with shareholders/analysts are given below:

**1. Publication of results:**

Quarterly, half-yearly and annual financial results of the Company are sent to the Stock Exchanges and published in leading English and vernacular language newspapers, (viz., Financial Express – National Daily all editions and Financial Express – Gujarati edition). Simultaneously, they are also displayed on the Company's website and can be accessed at [www.drcsystems.com](http://www.drcsystems.com).

**2. News Releases:**

Official news releases, press releases along with results are displayed on the Company's website at [www.drcsystems.com](http://www.drcsystems.com).

**3. Website:**

The Company's website, [www.drcsystems.com](http://www.drcsystems.com), contains a separate dedicated section 'Investors Desk' where Shareholders' information is available.

**4. Annual Report:**

The Annual Report containing, inter alia, Audited Financial Statements, Board's Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report. The Company's Annual Report is also available in downloadable form on the Company's website i.e. [www.drcsystems.com](http://www.drcsystems.com).

**5. Stock Exchange(s):**

The Company makes timely disclosures of necessary information to the BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

**6. NEAPS (NSE Electronic Application Processing System), Digital Exchange and BSE Corporate Compliance & the Listing Centre:**

NEAPS and Digital Exchange are a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, financial results, Shareholding Pattern, Corporate Governance Report, Corporate Announcements, statement of investor complaints, and other such filings are in accordance with the Listing Regulations filed electronically on NEAPS/ NSE Digital Exchange/ BSE Listing centre.

**7. SEBI Complaints Redress System (SCORES):**

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**8. Exclusive email ID for investors:**

The Company has designated the email id [ir@drcsystems.com](mailto:ir@drcsystems.com) exclusively for investor servicing.

**GENERAL SHAREHOLDER INFORMATION****i. Company Registration Details:**

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L72900GJ2012PLC070106.

**ii. Annual General Meeting:**

Date	June 29, 2022
Day	Wednesday
Time	11.00 a.m.
Place	This AGM is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 08, 2021 and December 14, 2021 and as such there is no requirement to have a venue for the AGM. For more details please refer to the Notice of this AGM.

**iii. Financial Calendar:**

Financial Year	April 01, 2022 to March 31, 2023
Tentative Schedule for declaration of results during the Financial Year 2022-23	
First Quarter	On or before August 14, 2022
Second Quarter and Half yearly	On or before November 14, 2022
Third Quarter and Nine Months	On or before February 14, 2023
Fourth Quarter and Annual	On or before May 30, 2023



- iv. **Book Closure:** Wednesday, June 22, 2022 to Wednesday, June 29, 2022 (both days inclusive)
- v. **Dividend Payment Date:** Not Applicable as the Board did not recommend any dividend for the Financial Year.
- vi. **Listing on Stock Exchanges:**

Sr. No.	Name of Stock Exchange(s)	Stock Code (s)	ISIN for Depositories
1.	<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	543268	INE03RS01027
2.	<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	DRCSYSTEMS	

Your Company has paid the listing fees to BSE and NSE for the Financial Year 2022-23.

vii. **Market Price Data:**

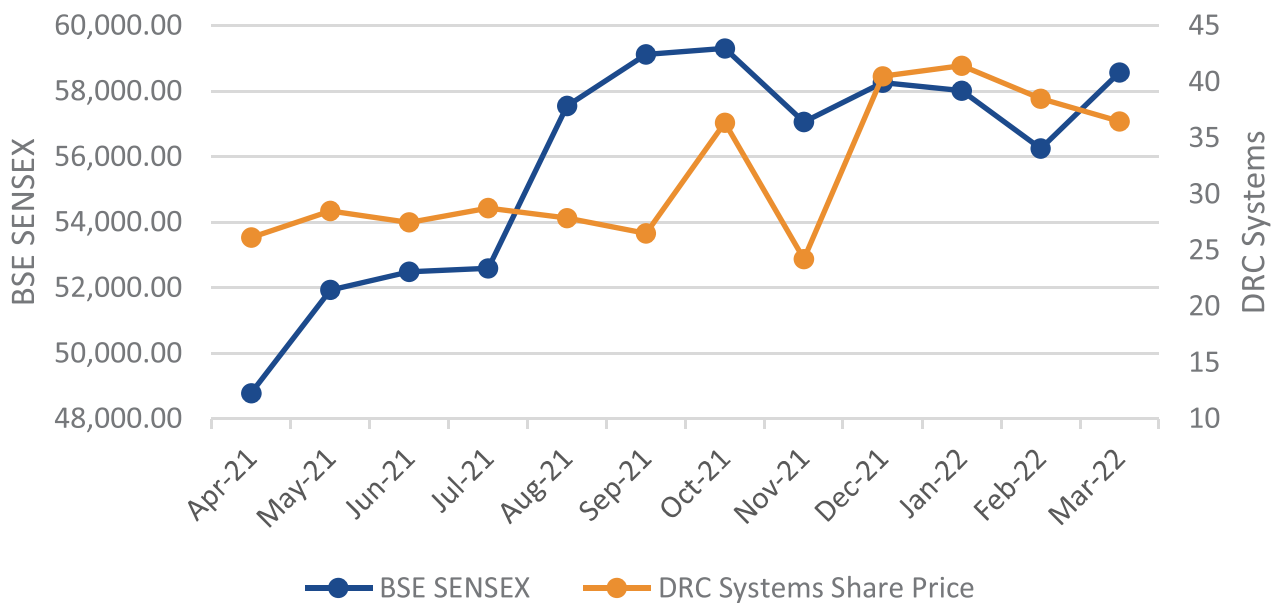
Months	BSE			NSE		
	High (In Rs.)	Low (In Rs.)	Volume (No. of Shares)	High (In Rs.)	Low (In Rs.)	Volume (No. of Shares)
Apr-21	355.40	235.00	55,039	373.35	242.40	1,37,371
May-21	330.00	210.00	37,375	329.90	205.35	79,991
Jun-21	300.00	260.60	7,026	299.95	262.25	44,399
Jul-21	302.90	262.25	5,933	308.80	262.35	34,382
Aug-21	330.05	259.60	5,707	333.75	260.00	36,665
Sep-21	297.25	253.05	2,331	298.90	249.60	17,236
Oct-21	434.00	263.90	35,021	425.00	262.00	1,95,112
Nov-21	351.00	242.10	287	365.00	207.95	972
Dec-21	404.70	242.10	4,627	405.90	185.10	29,892
Jan-22	439.00	384.80	4,700	441.00	369.55	13,847
Feb-22	439.80	382.00	3,563	423.90	365.00	15,688
Mar-22	380.00	33.15*	35,209	384.30	36.80*	7,579

(Source BSE and NSE website)

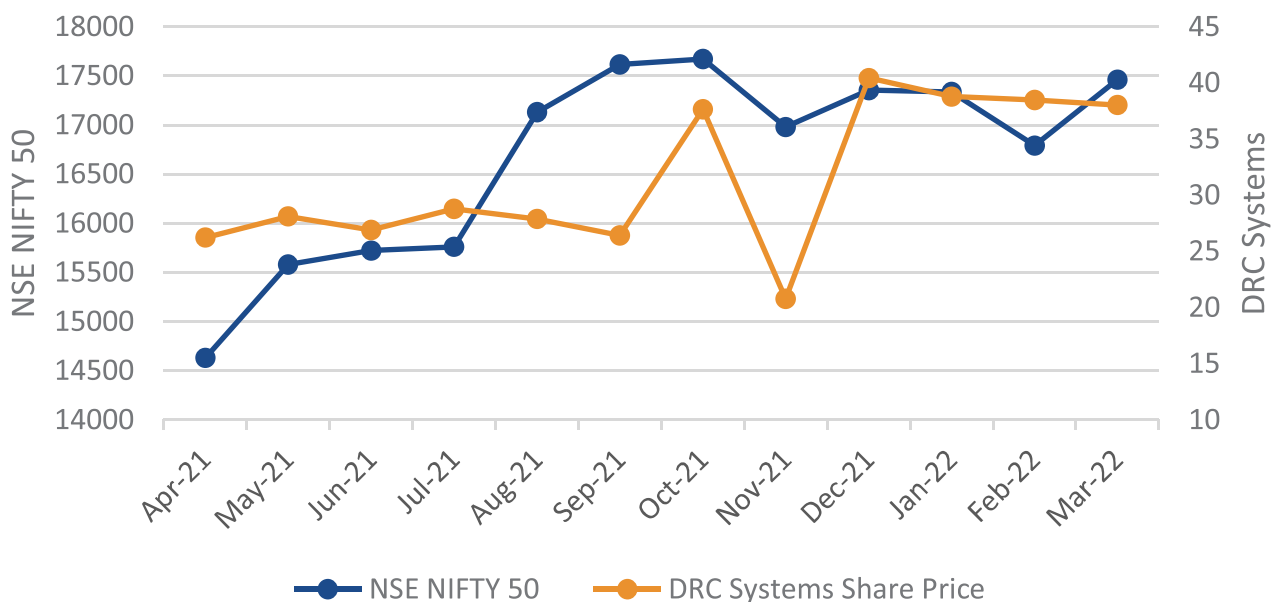
\*Share Price adjustment due to sub-division of Equity shares from Face Value of Rs. 10/- each to Re. 1/- each with effect from the Record Date i.e. March 17, 2022.

## viii. Performance of the Share price of the Company in comparison to the BSE SENSEX and NSE NIFTY 50

## DRC Systems Share price and BSE Sensex Movement



## DRC Systems Share price and NSE NIFTY 50 Movement



**Note:** The Face Value of the Equity Share of Rs. 10/- each has been sub-divided into 10 (ten) Equity Shares of Re. 1/- each with effect from the Record Date i.e. March 17, 2022. For the purpose of comparison, the share prices for the period April, 2021 to February, 2022 mentioned in the graph has been proportionally adjusted.

**ix In case the securities of the Company are suspended from trading, the reasons thereof**

The Securities of the Company are not suspended from trading on the stock exchanges.

**x. Registrars & Transfer Agent**

Registrars and Share Transfer Agents for both Physical and Demat Segment of Equity Shares of the Company:

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**Link Intime India Private Limited**

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C-101, 247 Park  
L.B.S. Marg, Vikroli (West),  
Mumbai- 400 083  
Tel: +91 22 4918 6270  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

5<sup>th</sup> Floor, 506 to 508,  
Amarnath Business Centre-1 (ABC -1),  
Beside Gala Business Centre,  
Near St. Xavier's College Corner,  
Off C.G. Road, Ahmedabad - 380 009  
Tel: +91 79 2646 5179/86/87  
Fax: + 91 79 2646 5179  
E-mail: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

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**xi. Share Transfer System:**

In terms of Regulation 40(1) of Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in dematerialised mode. The requests for effecting transfer/transmission/ transposition of securities shall not be processed unless the securities are held in the dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. To expedite the transfer / transmission of shares held in physical mode the powers to authorise transfers have been delegated to specified officials of the RTA and Company. The details of transfers / transmission approved by the delegates, if any are noted by the Stakeholders Relationship Committee at its next meeting.

The Company obtains from a Company Secretary in Practice yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

Pursuant to SEBI circular dated January 25, 2022, securities of the Company shall be issued in dematerialized form only while processing service requests in relation to issue of duplicate securities certificate, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition.

## xii. Distribution of Shareholding as on March 31, 2022:

Shareholding (No. of Shares)	No. of Share Holders		No. of Shares	
	Number	% of Total	Shares	% of Total
Upto - 500	5,973	91.50	2,95,945	0.76
501 - 1000	191	2.92	1,43,216	0.37
1001 - 2000	101	1.55	1,50,199	0.39
2001 - 3000	39	0.60	96,410	0.25
3001 - 4000	27	0.41	94,990	0.25
4001 - 5000	16	0.24	73,750	0.19
5001 - 10000	65	1.00	4,67,240	1.21
10001 and above	116	1.78	3,73,31,810	96.58
<b>Total</b>	<b>6,528</b>	<b>100</b>	<b>3,86,53,560</b>	<b>100</b>

## xiii. Categories of Shareholders as on March 31, 2022:

Category	No. of Shares held	% of Shareholding
Promoters & Promoter's group	99,07,760	25.63
Foreign Institutional Investors	5,39,850	1.40
Body Corporate - Limited Liability Partnership	47,380	0.12
Bodies Corporate	1,47,74,550	38.23
NRI	4,45,850	1.15
Individual	1,22,91,500	31.80
HUF	6,45,450	1.67
Clearing Member	1,080	0.00
Trust	140	0.00
<b>Total</b>	<b>3,86,53,460</b>	<b>100.00</b>

**xiv. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity:**

Your Company does not have any outstanding GDRs/ADRs/ Warrants/Convertible Instruments as on March 31, 2022.

**xv. Employee Stock Options:**

During the year under review, no shares have been allotted under Employee Stock Options Scheme. Particulars with regard to Employees' Stock Options are put up on the Company's website i.e. [www.drccsystems.com](http://www.drccsystems.com).

**xvi. Dematerialisation of Shares and Liquidity:**

Equity shares of the Company can be traded only in electronic mode by all the investors. The Company has entered into an agreement and established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Except 100 Equity Shares, all the Equity Shares have been dematerialised as on March 31, 2022. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE03RS01027.

The Company's shares are traded on the 'BSE Limited' and the 'National Stock Exchange of India Limited'.

The shareholders holding shares in physical form are requested to dematerialize their shares for safeguarding their holdings and managing the same hassle free. Shareholders are accordingly requested to get in touch with any of the Depository Participant(s) registered with SEBI to open a Demat account.

The said measure of SEBI is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities in demat form will improve ease, convenience and safety of transactions for investors.

**xvii. Commodity price risk or foreign exchange risk and hedging activities:**

The Company manages foreign exchange risk and hedges to the extent considered necessary as and when required. The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

**xviii. Plant Locations: Not Applicable**

**xix. Address for Correspondence:**

For any queries relating to the shares of your Company, correspondence may please be addressed to **Link Intime India Private Limited** at:

5<sup>th</sup> Floor, 506 to 508, Amarnath Business Centre-1 (ABC -1),

Beside Gala Business Centre,

Near St. Xavier's College Corner,

Off C G Road, Ahmedabad - 380 009

Tel No.: +91 79 2646 5179/86/87

Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in), Website: [www.linkintime.co.in](http://www.linkintime.co.in)

For the benefit of shareholders, documents will continue to be accepted at the following Registered Office of the Company:

**DRC Systems India Limited**

**CIN:** L72900GJ2012PLC070106

24<sup>th</sup> Floor, GIFT Two Building, Block No. 56,

Road - 5C, Zone - 5, GIFT CITY, Gandhinagar,

Taluka & District - Gandhinagar - 382 355

Gujarat, India

Tel: +91 79 6777 2222

E-mail: [ir@drcsystems.com](mailto:ir@drcsystems.com) Website: [www.drcsystems.com](http://www.drcsystems.com)

**Compliance Officer:** Mr. Jainam Shah, Company Secretary

**xx. Credit Ratings:**

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the Financial Year 2021-22.

**OTHER DISCLOSURES**

**i. Related Party Transactions:**

There is no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during F.Y. 2021-22 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.

Also, the Related Party Transactions undertaken by the Company were in compliance with the provisions set out in the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The policy on related party transactions has been placed on the Company's website and can be accessed through the following link: <https://www.drcsystems.com/policies>.

ii. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.

iii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets, during the last three years: **Not applicable.**

**iv. Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy and Prevention of Sexual Harassment Policy, has established the necessary vigil mechanism and procedures and it affirms that no personnel has been denied access to the Audit Committee. The said policies are also posted on the website of the Company at <https://www.drcsystems.com/policies>.

v. The Company has also adopted Policy on Determination of Materiality for Disclosures, Policy on Archival of Documents and Policy for Preservation of Documents. The said policies have been displayed on the website of the Company at <https://www.drcsystems.com/policies>.

**vi. Adoption of Mandatory and Non-Mandatory Requirements**

The Company has complied with all mandatory requirements of the Listing Regulations. The Company has adopted following non-mandatory requirements of the Listing Regulations:

- a. The Chairman of the Company is a Non-Executive Independent Director.
- b. The Internal Auditor reports to the Audit Committee.
- c. The auditors' reports on statutory financial statements of the Company are with unmodified opinion.
- d. The quarterly, half-yearly and annual financial results of the Company are published in the newspapers and also posted on the Company's website i.e. [www.drcsystems.com](http://www.drcsystems.com) . The same are also available on the websites of stock exchanges where the shares of the Company are listed i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

**vii. Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations: Nil**

**viii. Certificate from Practicing Company Secretary:**

Ashish C. Doshi, Partner of SPANJ & Associates, Practicing Company Secretaries, has issued a certificate as required under Listing Regulations, confirming that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed in this section.

**ix. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: Not Applicable**

**x. Remuneration to Statutory Auditors:**

As required under Regulation 34 read with Part C of the Schedule V of the Listing Regulations, the Total Fees paid by the Company and its Subsidiaries on a consolidated basis, to the statutory auditor and all entities in the network firm/ entity of which the statutory auditor is a part are as under:

Type of Services	Amount (Rs. In Lakhs)
Statutory Audit Fee	0.90
Limited Review Fee	0.53
Certification Charges	1.14
Out of Pocket Fees reimbursement	-
<b>Total</b>	<b>2.57</b>

**xi. Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Your Company has zero tolerance for sexual harassment at its workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and

the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to providing a safe and conducive work environment to all of its employees and associates. The policy is also available on the website of the Company <https://www.drccsystems.com/policies>.

- xii. The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the Financial Year 2021-22 are as under:

Number of complaints filed during the Financial Year	0
Number of complaints disposed of during the Financial Year	NA
Number of complaints pending as on end of the Financial Year	NA

- xiii. The Company has complied with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations, 2015.

**xiv. Code of Conduct for Prevention of Insider Trading:**

The Board has adopted a code for the Prevention of Insider Trading in the securities of the Company. The Code inter alia requires pre-clearance from Designated Persons for dealing in the securities of the Company as per the criteria specified therein and prohibits the purchase or sale of securities of the Company by Designated Persons while in possession of Unpublished Price Sensitive Information in relation to the Company besides during the period when the trading window is closed.

**xv. Code of Conduct:**

The Company has laid down a Code of Conduct for the Members of Board of Directors and Senior Management Personnel. This code has been displayed on the Company's website at <https://www.drccsystems.com/policies>

**xvi. Reconciliation of Share Capital Audit:**

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) (collectively Depositories) and held in physical form, with the total issued and listed capital. The Certificate confirming the same is submitted to BSE Limited and the National Stock Exchange of India Limited on a quarterly basis.

**xvii. CEO/CFO Certification:**

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the Financial Year 2021-22 signed by Mr. Hiten Barchha, Managing Director and Mr. Janmaya Pandya, Executive Director and Chief Financial Officer was placed before the Board of Directors of the Company at its meeting held on April 18, 2022.

**xviii. Annual Secretarial Compliance Report:**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by



Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the Financial Year.

The Company has submitted the Annual Secretarial Compliance Report to the stock exchanges.

**xix. Sale of Fractional Shares:**

During the year under review, the Board had approved the sale of Fractional Shares of the Company resulting out of the Composite Scheme of Arrangement amongst Infibeam Avenues Limited ('Infibeam'), Suvidhaa Infoserve Limited ('Suvidhaa'), DRC Systems India Limited ('DRC' or 'the Company') and NSI Infinium Global Limited ('NSI') and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ('Scheme').

The net sales proceeds of the same was paid on December 23, 2021 to those Shareholders who held Fractional Shares of the Company.

Further, as on the date of this report, the net sales proceeds amounting to Rs. 51,839.65/- were unclaimed and the same shall be eligible to be transferred to the Investor Education and Protection fund (IEPF) on January 19, 2029.

**xx. Equity Shares in the Suspense Account:**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of Equity lying (arising out of allotment made to the Equity Shareholders of Infibeam Avenues Limited on December 15, 2020 in the ratio of 412:1 pursuant to the Composite Scheme of Arrangement approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its order dated November 27, 2020) in the suspense account are as follows:

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	16	1,410
Shareholders who approached the Company for transfer of shares from suspense account during the year	00	00
Shareholders to whom shares were transferred from the suspense account during the year	00	00
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	00	00
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022	16	14,100*

\*Sub Division/ Split of Equity Shares of the Company from Face Value of Rs. 10/- (Rupees Ten Only) per Equity Share to Face Value of Re. 1/- (Rupee One Only) per Equity Share w.e.f. March 17, 2022.

The Company has not transferred any Unclaimed Equity Shares pursuant to the Scheme of Arrangement, to the Shareholders' demat a/c during the year under review.

**xxi. Disclosure by listed entity and its Subsidiaries of 'Loans and advances in the nature of loans to firms/ Companies in which Directors are interested:**

Pursuant to point 10(m) of Schedule V of the SEBI Listing Regulations, the Company hereby confirms that during the year, no loan /advances in nature of loan is provided to firms/ Companies in which the directors of the Company are interested.

**xxii. Others:**

**A. Non-resident shareholders:**

Non-resident shareholders are requested to immediately notify:

- a. Change in their residential status on return to India for permanent settlement; and
- b. Particulars of their Non Resident Rupee Account, whether repatriable or not, with a bank in India, if not furnished earlier.

**B. Updation of shareholders details:**

1. Shareholders holding shares in physical form are requested to notify the changes to the Company/ its RTA, promptly by a written request under the signatures of sole/first joint holder; and
2. W.e.f. **January 01, 2022** any service request shall be entertained by RTA only upon registration of the PAN, Bank Account details and Nomination.
3. Shareholders holding shares in electronic form are requested to send their instructions directly to their DPs.

- C. Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate possibility of difference in signature at a later date.

**D. Nomination of Shares:**

Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular, those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Form No. SH-13 which can be downloaded from the Company's website i.e. <https://www.drcsystems.com/in-vestor-relations>.

**E. Email Id registration:**

To support the green initiative, shareholders are requested to register their email address with their DPs or with the Company's RTA, as the case may be. Communications in relation to Company like Dividend credit intimations, Notice of AGM and Annual Report are regularly sent electronically to such shareholders who have registered their email addresses.

## DECLARATION

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed the compliance with the provisions of the code of conduct for the year ended on March 31, 2022.

Place: Gandhinagar  
Date: April 18, 2022

**Hiten Barchha**  
Managing Director  
DIN: 05251837

## COMPLIANCE CERTIFICATE

To,  
The Board of Directors  
DRC Systems India Limited  
Gandhinagar

We, Hiten Barchha, Managing Director and Janmaya Pandya, Executive Director and Chief Financial Officer of DRC Systems India Limited hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the Financial Year ended on March 31, 2022 and that to the best of our knowledge and belief:
  1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year 2021-22, which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that:
  1. There has not been any significant change in internal control over financial reporting during the year;
  2. There has not been any significant change in accounting policies during the year; and

Place: Gandhinagar  
Date: April 18, 2022

**Hiten Barchha**  
Managing Director

**Janmaya Pandya**  
Executive Director &  
Chief Financial Officer

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Members of  
**DRC SYSTEMS INDIA LIMITED**  
CIN: L72900GJ2012PLC070106  
Gandhinagar

We have examined the compliance of conditions of Corporate Governance by **DRC SYSTEMS INDIA LIMITED**, for the year ended **31<sup>st</sup> March, 2022**, as stipulated in Regulations 17-27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us along with documents & submissions for regulatory compliances provided for our verification and representation made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Moreover, as per information provided by the company and declarations provided by the directors, in terms of schedule V, Part C, Clause (10)(i), we further state that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of the company by the Board/ Ministry of Corporate Affairs or any such statutory authority.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date:** 18<sup>th</sup> April, 2022  
**Place:** Ahmedabad

Sign: \_\_\_\_\_  
ASHISH C DOSHI, PARTNER  
SPANJ & ASSOCIATES  
Company Secretaries  
ACS/FCS No.: F3544  
COP No.: 2356  
P R Certi No.: 702/2020  
UDIN: F003544D000148579

**Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Remuneration details of Directors and KMPs of the Company for the Financial Year 2021-22 is as follows:

Sr. No.	Particulars	Status												
I	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Number of times</th> </tr> <tr> <th style="text-align: center;">Name of Director</th> <th style="text-align: center;">Designation</th> <th style="text-align: center;">Ratio of the remuneration to the median remuneration</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Mr. Hiten Barchha</td> <td style="text-align: center;">Managing Director</td> <td style="text-align: center;">8.23</td> </tr> <tr> <td style="text-align: center;">Mr. Janmaya Pandya</td> <td style="text-align: center;">Executive Director &amp; Chief Financial Officer</td> <td style="text-align: center;">1.79</td> </tr> </tbody> </table>	Number of times			Name of Director	Designation	Ratio of the remuneration to the median remuneration	Mr. Hiten Barchha	Managing Director	8.23	Mr. Janmaya Pandya	Executive Director & Chief Financial Officer	1.79
Number of times														
Name of Director	Designation	Ratio of the remuneration to the median remuneration												
Mr. Hiten Barchha	Managing Director	8.23												
Mr. Janmaya Pandya	Executive Director & Chief Financial Officer	1.79												
II	Percentage increase in remuneration of each of the Director, the Chief Financial Officer, the Chief Executive Officer, the Company Secretary or the Manager, if any, in the Financial Year	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of Director &amp; KMP</th> <th style="text-align: center;">Designation</th> <th style="text-align: center;">% increase in remuneration in the Financial Year</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Mr. Hiten Barchha</td> <td style="text-align: center;">Managing Director</td> <td style="text-align: center;">6%</td> </tr> <tr> <td style="text-align: center;">Mr. Janmaya Pandya</td> <td style="text-align: center;">Executive Director &amp; Chief Financial Officer</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">Mr. Jainam Shah</td> <td style="text-align: center;">Company Secretary</td> <td style="text-align: center;">25%</td> </tr> </tbody> </table>	Name of Director & KMP	Designation	% increase in remuneration in the Financial Year	Mr. Hiten Barchha	Managing Director	6%	Mr. Janmaya Pandya	Executive Director & Chief Financial Officer	15%	Mr. Jainam Shah	Company Secretary	25%
Name of Director & KMP	Designation	% increase in remuneration in the Financial Year												
Mr. Hiten Barchha	Managing Director	6%												
Mr. Janmaya Pandya	Executive Director & Chief Financial Officer	15%												
Mr. Jainam Shah	Company Secretary	25%												
III	Percentage increase in the median remuneration of employees in the Financial Year	(6.6%)												
IV	Number of permanent employees on the rolls of Company	140												
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average decrease in salaries of employees other than the managerial personnel in the last Financial Year was 9% and an average increase of 9% for managerial personnel.												
VI	Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration is as per the Remuneration Policy of the Company.												

**Note:**

- The Non-Executive Directors are paid only sitting fees for attending the meetings of the Board and its Committees. The ratio of remuneration and percentage increase in remuneration of these Directors is therefore not considered for the above.
- Shares allotted under ESOP Scheme of the Company have not been included in the above.

## ANNEXURE - C

Form No. MR-3  
SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup>MARCH, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of

The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
DRC SYSTEMS INDIA LIMITED  
CIN: L72900GJ2012PLC070106  
Regd. Off: 24<sup>th</sup> Floor, GIFT Two Building,  
Block No. 56, Road-5C, Zone-5, GIFT CITY,  
Gandhinagar – 382355 (Gujarat)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DRC SYSTEMS INDIA LIMITED** (hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2022 has complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
  - h. The Securities and Exchange Board of India (Buyback of Securities Regulations, 2018;

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at point (e), (g) and (h) of para (v) mentioned hereinabove during the period under review.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
  - ii. The Listing Agreements entered into by the Company with the Stock Exchange(s) and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- vi. We further report that having regard to the compliance management system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof made available to us, on test-check basis, the Company has compliance management system for the sector specific laws applicable specifically to the Company.

During the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, mentioned hereinabove and there is adequate compliance management system for the purpose of other sector specific laws. It was observed that one of the promoter purchased small quantity of shares in contravention of code of conduct and insider trading regulations, however, the company took steps by imposing penalty on the said promoter and issued caution notice. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under other sector specific laws applicable to the Company.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the year under review, Mr. Keyur Shah (DIN: 03111182),

Mr. Rookishan Dave (DIN: 02800417) and Mr. Jigar Shah (DIN: 08174430) were regularized as an Independent Director of the Company for the period of 5 years from 05<sup>th</sup> December, 2020 to 04<sup>th</sup> December, 2025, Ms. Dipti Chitale was regularized as an Independent Director of the Company for the period of 5 years from 10<sup>th</sup> December, 2020 to 09<sup>th</sup> December, 2025, Mr. Sanket Khemuka (DIN: 06910440) was regularized as a Non-Executive Director and Mr. Janmaya Pandya (DIN: 09019756) was regularized as Executive Director of the company for the period of 3 years from 06<sup>th</sup> January, 2021 to 05<sup>th</sup> January, 2024 in AGM of the Company held on 28<sup>th</sup> September, 2021.

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

Majority decisions were carried through while the dissenting members' views were captured and recorded as part of the minutes, wherever required.

**We further report that** there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable sector specific laws, rules, regulations and guidelines.

**We further report that** during the audit period of the Company, there were following events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- During the year, Company has re-classified the category of some of the members of the company from Promoter/Promoter Group to Public, by passing special resolution at the Annual General Meeting on 28<sup>th</sup> September, 2021.
- During the year, Company had incorporated a Wholly Owned Subsidiary Company in Dubai with the name "DRC Systems EMEA LLC-FZ."

- During the year, the Face Value of Equity Shares of the Company was sub divided from Rs. 10/- each to Re. 1/- each by passing Ordinary Resolution at the Extra Ordinary General Meeting held on 25<sup>th</sup> February, 2022.
- During the year, Capital Clause of Memorandum of Association of the Company was altered, due to sub-division/stock split of Face Value of Equity Share of the Company from Rs. 10/- each to Re. 1/- each in Extra Ordinary General Meeting held on 25<sup>th</sup> February, 2022.
- During the year, the Company acquired 2.3% stake i.e. 41,400 shares of Autodap B V Netherlands at a consideration of 16,76,700 Euro.
- During the year, the Company had approved DRC Employee Stock Option Plan 2021-22 and granted Employee Stock Options to the Employees of the Company under the Scheme.

Date: 18<sup>th</sup> April, 2022

Place : Ahmedabad

Sign: \_\_\_\_\_

ASHISH C DOSHI, PARTNER

SPANJ & ASSOCIATES

Company Secretaries

ACS/FCS No.: F3544

COP No.: 2356

P R Certi No. : 702/2020

UDIN : F003544D000148557

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.



To,  
The Members  
DRC SYSTEMS INDIA LIMITED  
CIN: L72900GJ2012PLC070106  
Regd. Off: 24th Floor, GIFT Two Building,  
Block No. 56, Road-5C, Zone-5, GIFT CITY,  
Gandhinagar – 382355 (Gujarat)

Sir/Ma'am,

**Sub: Secretarial Audit Report for the Financial Year ended on 31<sup>st</sup> March, 2022**

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

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

Date: 18<sup>th</sup> April, 2022  
Place : Ahmedabad

Sign: \_\_\_\_\_  
ASHISH C DOSHI, PARTNER  
SPANJ & ASSOCIATES  
Company Secretaries  
ACS/FCS No.: F3544  
COP No.: 2356  
P R Certi No. : 702/2020  
UDIN : F003544D000148557

# Independent Auditor's Report

To the Members of  
DRC SYSTEMS INDIA LIMITED

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of DRC Systems India Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2022, the standalone statement of Profit and Loss (including other comprehensive income), the standalone statement of Cash Flow, the standalone statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

### Other Information

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditors report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

## Management's and the Board of Director's Responsibility for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income/expense, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternate but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 concluded 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and the Board of Directors.
- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of Cash Flow dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act, read with relevant rule issued thereunder;
- e. On the basis of written representations received from the directors as on March 31, 2022 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (B) 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, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company does not have any pending litigations which would impact its financial position.

- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d. (i) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in note 36b to the standalone financial statements, 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 (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in note 36b to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as 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 (i) and (ii) of Rule 11(e) contain any material mis-statement.
- e. The Company has not declared any dividend during the year under consideration.
- (C) **With respect to the matter to be included in the Auditor’s Report in accordance with the requirements of Section 197 (16) of the Act:**  
In our opinion and according to the information and explanation given to us, the remuneration paid by the Company to its directors during year is in accordance with the provisions of section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

Place: Ahmedabad  
Date: 18/04/2022  
UDIN: 22046922AHGVJO4263

**For Rajpara Associates**

Chartered Accountants  
FRN 113428W

**Chandramaulin J. Rajpara**

Partner  
M. No. 046922

**ANNEXURE - A****TO THE INDEPENDENT AUDITORS' REPORT**

*(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)*

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's;
- (B) The Company has maintained proper records showing full particulars of intangible assets;
- (b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, The Company has a regular programme of physical verification of its property, plant and equipment's by which all property, plant and equipment are verified in phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, clause 3 (i) (c) of the Order is not applicable to the Company.
- (d) According to information and explanations given to us and on the basis of our examination of records of the company, the Company has not revalued its property, plant and equipment's (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of records of the company, there are no proceedings initiated or pending against the company for holding any benami property under the Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- (ii) (a) The company is Service Company, primarily rendering information technology solution services. Accordingly, it does not hold any physical inventories. Accordingly, clauses 3 (ii) (a) of the order is not applicable to the Company.
- (b) According to information and explanations given to us and on the basis of our examination of records of the company, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, clauses 3 (ii) (b) of the order is not applicable to the Company.
- (iii) According to information and explanations given to us and on the basis of our examination of records of the company, the company has made investment in one company during the year under audit. The Company has not provided security, guarantee or granted loan or granted advances in nature of loan, secured or unsecured to Companies, partnerships or any other parties during the year.
- (a) (A) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has not granted any loans or advances and guarantees or securities to subsidiaries, joint ventures and associates.
- (B) Based on the audit procedures carried out by us and as per the information and explanations given to us, the Company has not granted any loans or advances and guarantees or securities to parties other than subsidiaries, joint ventures and associates.
- (b) According to information and explanations given to us and on the basis of our examination of records of the company, in our

opinion the investments made during the year are, prima facie, not prejudicial to the interest of the company.

- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted loans or advances in nature of loans. Accordingly, Clause 3 (iii) (c) of the Order is not applicable.
- (d) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted loans or advances in nature of loans. Accordingly, Clause 3 (iii) (d) of the Order is not applicable.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in nature of loans granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the over dues of existing loans or advances in the nature of loans given to same parties.
- (f) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to information and explanations given to us and on the basis of our examination of the records of the Company, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security as applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from public. Accordingly, clause 3 (v) of the Order is not applicable.
- (vi) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, clause 3 (vi) of the Order is not applicable to the Company.

- (vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Goods and Services tax, provident fund, income tax, duty of customs, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a delay in respect of remittance of Professional Tax dues.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident fund, Income Tax, Duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no disputed statutory dues for Goods and Services Tax, provident fund, employee's state insurance, income tax, duty of customs, Duty of excise, cess and other statutory dues applicable to it.
- (viii) According to information and explanations given to us and on the basis of our examination of the records of the Company, the company has not surrendered or disclosed any transactions, previously unrecorded as income in books of account, in the assessment under the Income Tax Act, 1961 (43 of 1961) as income during the year.
- (ix) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or government or government authority.

- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, In our opinion the term loans were applied for the purposes for which they were obtained.
- (d) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term basis by the Company. Accordingly, clause 3 (ix) (d) of the Order is not applicable to the Company.
- (e) According to information and explanations given to us and on the basis of examination of the standalone financial statements of the Company, we report that the company does not hold any investment in any subsidiaries, associates or joint ventures (as defined in the Act) during the year ended on 31 March 2022. Accordingly, clause 3 (ix) (e) of the Order is not applicable to the Company.
- (f) According to information and explanations given to us and on the basis of examination of the standalone financial statements of the Company, we report that the company does not hold any investment in any subsidiaries, associates or joint ventures (as defined in the Act) during the year ended on 31 March 2022. Accordingly, clause 3 (ix) (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised moneys by way of public offer or further public offer (including debt instruments). Accordingly, Clause 3 (x) (a) of the Order is not applicable to the Company.
- (b) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (x) (b) of the Order is not applicable to the Company.
- (xi) (a) According to information and explanations given to us and on the basis of our examination of records of the Company, we report that no fraud by the Company or on the company has been noticed or reported during the course of Audit.
- (b) According to information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act, 2013 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) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, clause 3 (xii) of the order is not applicable to the Company.
- (xiii) In our opinion and according to information and explanations given to us, the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- (xiv) (a) Based on information and examination provided to us and our audit procedures, in our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under Audit.
- (xv) In our opinion and according to information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.



- (xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (a) of the Order is not applicable to the Company.
- (b) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in regulations made by Reserve Bank of India. Accordingly, clause 3 (xvi) (c) of the Order is not applicable to the Company.
- (d) According to information and explanations given to us, the Group does not have any CIC. Accordingly, clause 3 (xvi) (d) of the Order 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) There has been no resignation of the statutory auditors during the year and accordingly, clause 3 (xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, 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. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) (a) According to information and explanations given to us and on the basis of our examination of company's records, we report that the provisions of Section 135 of the Companies Act, 2013 is not applicable to company. Accordingly, clause 3 (xx) (a) of the Order is not applicable to the Company.
- (b) According to information and explanations given to us and on the basis of our examination of company's records, we report that the provisions of Section 135 of the Companies Act, 2013 is not applicable to company. Accordingly, clause 3 (xx) (b) of the Order is not applicable to the Company.

Place: Ahmedabad  
Date: 18/04/2022  
UDIN: 22046922AHGVJO4263

**For Rajpara Associates**

Chartered Accountants  
FRN 113428W

**Chandramaulin J. Rajpara**

Partner  
M. No. 046922

## ANNEXURE - B

to the Independent Auditor's report on the standalone financial statements of DRC Systems India Limited for the year ended on March 31, 2022

### **Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

*(Referred to in paragraph 2 (A) (f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)*

#### **Opinion**

We have audited the internal financial controls with reference to the standalone financial statements of DRC Systems India Limited ("the Company) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to standalone financial statements 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 "Guidance Note").

#### **Management's and Board of Director's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with 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. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of internal financial controls, 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 standalone 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 with reference to standalone financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Place: Ahmedabad

Date: 18/04/2022

UDIN: 22046922AHGVJO4263

### Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Rajpara Associates**

Chartered Accountants  
FRN 113428W

**Chandramaulin J. Rajpara**

Partner  
M. No. 046922

# Balance Sheet

## as at March 31, 2022

Particulars	Notes	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	3	17.20	13.29
Right-of-use assets	3	67.70	-
Other intangible assets	4	185.13	307.32
Financial assets			
(i) Investments	5	1,439.87	0.00
(ii) Other financial assets	5	14.59	3.30
Deferred tax assets (net)	22	30.36	43.61
Income tax assets (net)	7	15.26	13.83
<b>Total non-current assets</b>		<b>1,770.11</b>	<b>381.35</b>
<b>II. Current assets</b>			
Financial assets			
(i) Trade receivables	5	598.34	812.05
(ii) Cash and cash equivalents	5	50.52	170.45
(iii) Others financial assets	5	55.15	11.73
Other current assets	6	21.37	67.63
<b>Total current assets</b>		<b>725.38</b>	<b>1,061.86</b>
<b>Total Assets</b>		<b>2,495.49</b>	<b>1,443.21</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	386.54	386.54
Other equity	9	291.60	183.69
<b>Total equity</b>		<b>678.14</b>	<b>570.23</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	10	1,515.00	-
(ii) Other financial liabilities	10	60.47	-
Provisions	11	39.48	35.04
<b>Total non-current liabilities</b>		<b>1,614.95</b>	<b>35.04</b>
<b>II. Current liabilities</b>			
Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	269.98
(ii) Other financial liabilities		85.86	333.80
Provisions	11	20.91	18.40
Other current liabilities	12	95.62	215.76

Particulars	Notes	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
Total current liabilities		202.40	837.95
Total equity and liabilities		2,495.49	1,443.21
Summary of significant accounting policies	1-2		

The accompanying notes are an integral part of these financial statements.

**As per our report of even date**

For, **Rajpara Associates**  
Chartered Accountants

For and on behalf of the board of directors of  
DRC Systems India Limited

ICAI Firm's Registration No. **113428W**

CIN: **L72900GJ2012PLC070106**

**Chandramaulin J. Rajpara**  
Partner

Membership No.046922

Place : Ahmedabad

Date : April 18, 2022

**Hiten Barchha**

Managing Director

DIN: 05251837

Place : Gandhinagar

Date : April 18, 2022

**Keyur Shah**

Chairman

DIN: 03111182

Place : Gandhinagar

Date : April 18, 2022

**Janmaya Pandya**

Chief Financial Officer

Place : Gandhinagar

Date : April 18, 2022

**Jainam Shah**

Company Secretary

Place : Gandhinagar

Date : April 18, 2022

# Statement of Profit And Loss

## for the year ended March 31, 2022

Particulars	Notes	Year ended March 31, 2022 (INR in lakhs)	Year ended March 31, 2021 (INR in lakhs)
<b>Income</b>			
Revenue from operations	13	1950.11	2,059.49
Other income	14	33.09	12.27
<b>Total income (I)</b>		<b>1,983.19</b>	<b>2,071.76</b>
<b>Expenses</b>			
Contracting expenses		615.65	933.46
Employee benefits expenses	15	931.93	819.82
Finance costs	16	7.20	5.18
Depreciation and amortisation expenses	17	132.14	221.21
Other expenses	18	175.44	153.29
<b>Total expenses (II)</b>		<b>1,862.36</b>	<b>2,132.96</b>
<b>Profit before tax (III) = (I-II)</b>		<b>120.84</b>	<b>(61.20)</b>
<b>Tax expenses</b>			
Current tax	22	43.75	9.95
(Excess)/short provision related to earlier years		(6.48)	
Deferred tax	22	13.25	(23.24)
<b>Total tax expenses (IV)</b>		<b>50.52</b>	<b>(13.29)</b>
<b>Profit for the year (V) = (III-IV)</b>		<b>70.32</b>	<b>(47.91)</b>
<b>Other comprehensive income</b>			
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans		(0.84)	7.26
Income tax effect		-	-
<b>Total other comprehensive income for the year, net of tax (VI)</b>		<b>(0.84)</b>	<b>7.26</b>
<b>Total comprehensive income for the year, net of tax (V+VI)</b>		<b>69.48</b>	<b>(40.65)</b>
<b>Earning per share [nominal value per share Re.1/- (March 31, 2021: Re.1/- )]</b>			
Basic	25	0.18	(0.12)
Diluted	25	0.18	(0.12)
Summary of significant accounting policies	1-2		

The accompanying notes are an integral part of these financial statements.

**As per our report of even date**

For, **Rajpara Associates**  
Chartered Accountants

For and on behalf of the board of directors of  
DRC Systems India Limited

ICAI Firm's Registration No. **113428W**

CIN: **L72900GJ2012PLC070106**

**Chandramaulin J. Rajpara**  
**Partner**

Membership No.046922

Place : Ahmedabad

Date : April 18, 2022

**Hiten Barchha**

Managing Director

DIN: 05251837

Place : Gandhinagar

Date : April 18, 2022

**Keyur Shah**

Chairman

DIN: 03111182

Place : Gandhinagar

Date : April 18, 2022

**Janmaya Pandya**

Chief Financial Officer

Place : Gandhinagar

Date : April 18, 2022

**Jainam Shah**

Company Secretary

Place : Gandhinagar

Date : April 18, 2022

# Statement of Changes in Equity

## for the year ended March 31, 2022

### A. Equity share capital

	INR in lakhs
Balance	Note 8
<b>As at March 31, 2020</b>	<b>225.00</b>
Add : Issue of Equity Shares pursuant to Scheme of Arrangement (refer note 34)	161.54
<b>As at March 31, 2021</b>	<b>386.54</b>
Changes in Equity Share Capital	-
<b>As at March 31, 2022</b>	<b>386.54</b>

### B. Other equity

Particulars	Reserves and Surplus			INR in lakhs
	Retained Earnings	Employees Stock Options Outstanding	Capital Reserve	Total other equity
	Note 9	Note 9	Note 9	Note 9
<b>Balance as at March 31, 2020</b>	<b>14.73</b>	-	-	<b>14.73</b>
Balance as at April 1, 2020	14.73		-	14.73
Add: Addition on account of scheme of arrangement (refer note 34)			371.15	371.15
Less: Issue of equity share pursuant to scheme of arrangement (refer note 34)			(161.54)	(161.54)
Profit /(Loss) for the year	(47.91)		-	(47.91)
Other comprehensive income for the year	7.26			7.26
<b>Balance as at March 31, 2021</b>	<b>(25.92)</b>	-	<b>209.61</b>	<b>183.69</b>
<b>Balance as at April 1, 2021</b>	<b>(25.92)</b>	-	<b>209.61</b>	<b>183.69</b>
Employee compensation expense for the year (refer note 26)	-	38.43		38.43
Profit /(Loss) for the year	70.32			70.32
Other comprehensive income for the year	(0.84)		-	(0.84)
<b>Balance as at March 31, 2022</b>	<b>43.56</b>	<b>38.43</b>	<b>209.61</b>	<b>291.60</b>



### Retained Earnings

Retained earnings comprises of prior and current year's undistributed earnings after tax.

### Employees Stock Options Outstanding

The share based option outstanding account is used to recognise the grant date fair value of options issued to employees under Company's employee stock option schemes.

The accompanying notes are an integral part of these financial statements.

### As per our report of even date

For, **Rajpara Associates**  
Chartered Accountants

For and on behalf of the board of directors of  
DRC Systems India Limited

ICAI Firm's Registration No. **113428W**

CIN: **L72900GJ2012PLC070106**

**Chandramaulin J. Rajpara**  
Partner

Membership No.046922

Place : Ahmedabad

Date : April 18, 2022

**Hiten Barchha**

Managing Director

DIN: 05251837

Place : Gandhinagar

Date : April 18, 2022

**Keyur Shah**

Chairman

DIN: 03111182

Place : Gandhinagar

Date : April 18, 2022

**Janmaya Pandya**

Chief Financial Officer

Place : Gandhinagar

Date : April 18, 2022

**Jainam Shah**

Company Secretary

Place : Gandhinagar

Date : April 18, 2022

# Statement of Cash Flows

## for the year ended March 31, 2022

Particulars	March 31, 2022 (INR in lakhs)	March 31, 2021 (INR in lakhs)
<b>A. Operating activities</b>		
Profit/(Loss) Before taxation	120.84	(61.20)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortization expenses	132.14	221.21
Employee stock option expense	38.43	69.40
Interest expenses	7.20	5.18
Net Foreign Exchange Loss / (Gain)	(10.65)	17.66
Liability no longer required	-	(10.93)
Interest income	(0.84)	(1.34)
	166.29	301.18
<b>Operating Profit before Working Capital Changes</b>	<b>287.12</b>	<b>239.97</b>
<b>Working Capital Changes:</b>		
Changes in trade payables	(269.98)	133.78
Changes in trade receivables	224.35	(453.60)
Changes in other current & non current assets	(8.14)	(36.84)
Changes in other current and non current liabilities and provisions	(301.72)	220.77
<b>Net Changes in Working Capital</b>	<b>(355.49)</b>	<b>(135.89)</b>
<b>Cash Generated from Operations</b>	<b>(68.37)</b>	<b>104.08</b>
Direct taxes paid	(38.70)	(21.09)
<b>Net Cash (used in) from Operating Activities ( A )</b>	<b>(107.07)</b>	<b>82.99</b>
<b>B. Cash Flow from Investing Activities</b>		
Payment for acquisition of property, plant and equipment and intangible asset (including capital work-in-progress and intangible under development))	(81.56)	(1.19)
Purchase of Investments	(1439.87)	-
Interest received	0.53	1.34
<b>Net cash (used in) from Investing Activities ( B )</b>	<b>(1,520.89)</b>	<b>0.14</b>

<b>C. Cash Flow from Financing Activities</b>			
Proceeds / (Repayment) of Borrowings	1,515.00	-	
Interest and Other Borrowing Cost Paid	(6.97)	(5.18)	
<b>C. Net Cash (used in) from Financing Activities ( C )</b>	<b>1,508.03</b>		<b>(5.18)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(119.93)</b>		<b>77.95</b>
Cash & Cash equivalent at the beginning of the year	170.45		52.57
Add: Cash & Cash equivalent pursuant to Scheme of Arrangement (refer note 34)	-		39.93
<b>Cash &amp; Cash equivalent at the end of the year</b>	<b>50.52</b>		<b>170.45</b>

Particulars	Year ended March 31, 2022 (INR in lakhs)	Year ended March 31, 2021 (INR in lakhs)
<b>Cash and cash equivalents comprise of: (Note 5c)</b>		
Balances with Banks		
Current accounts	49.44	169.39
Cash on Hand	1.08	1.06
<b>Cash and cash equivalents</b>	<b>50.52</b>	<b>170.45</b>

**As per our report of even date**

For, **Rajpara Associates**  
Chartered Accountants

For and on behalf of the board of directors of  
DRC Systems India Limited

ICAI Firm's Registration No. **113428W**

CIN: **L72900GJ2012PLC070106**

**Chandramaulin J. Rajpara**  
Partner

Membership No.046922  
Place : Ahmedabad  
Date : April 18, 2022

**Hiten Barchha**

Managing Director  
DIN: 05251837  
Place : Gandhinagar  
Date : April 18, 2022

**Keyur Shah**

Chairman  
DIN: 03111182  
Place : Gandhinagar  
Date : April 18, 2022

**Janmaya Pandya**

Chief Financial Officer  
Place : Gandhinagar  
Date : April 18, 2022

**Jainam Shah**

Company Secretary  
Place : Gandhinagar  
Date : April 18, 2022

# Notes

## 1: Company Overview and Significant Accounting Estimates

### Corporate Information

DRC Systems India Limited (formerly known as DRC Systems India Private Limited) ('the Company') was incorporated on April 27, 2012 under the Companies Act, 1956. The Company is a service company and its principal activities comprise of IT and IT enabled services including web and mobile app development, maintenance, testing and related ancillary services.

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on the BSE Limited and National Stock Exchange of India Limited in India. The registered office of the company is located at 24th Floor, GIFT Two Building, Block No. 56, Road - 5C, Zone - 5, GIFT CITY, Gandhinagar, Taluka & District - Gandhinagar - 382 355 Gujarat, India.

### Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### Critical accounting estimates

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### a. Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### b. Defined benefit plans

The cost of the defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

rate. Discount rate has been determined by reference to market yields on the government bonds as at the balance sheet date. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 23.

#### c. Share Based Payments

The Company initially measures the cost of equity settled transactions with employees using a black schole model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 26.

#### d. Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing

and the level of future taxable profits together with future tax planning strategies.

#### e. Intangible asset including intangible asset under development

Intangible development costs are capitalized as and when technical and commercial feasibility of the asset is demonstrated, future economic benefits are probable. The costs which can be capitalized include the salary and ESOP cost of employees that are directly attributable to development of the asset for its intended use. Research and maintenance costs are expensed as incurred. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer Note 2.5 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 4.

#### f. Property, plant and equipment

Refer Note 2.4 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 3.

#### g. Revenue recognition

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those services.

#### h. Investments

Investment in subsidiaries and associates is carried at cost in the standalone financial statements.

#### i. Estimation of uncertainties relating to the global health pandemic from COVID-19

In assessing the recoverability of assets including trade receivables, unbilled receivables and investments, the Company has considered internal and external

# Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated on the date of approval of these financial statements.

### j. Leases

The Company evaluates if an arrangement qualifies to be a lease based on the requirements of the relevant standard. Identification of a lease requires significant management judgment. Computation of the lease liabilities and right-to-use assets requires management to estimate the lease term (including anticipated renewals), and the applicable discount rate. Management estimates the lease term based on the non-cancellable lease-term, options for future renewals if the Company is reasonably certain to exercise and options to terminate the lease if the Company is reasonably certain not to exercise. In performing this assessment, the discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## 2: Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the company in preparing its financial statements:

### 2.1 Current versus non-current classification

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

An asset is treated as current when it is:

### 2.2 Foreign currencies

The company's financial statements are presented in INR, which is also the company's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit or loss are also recognised in OCI or profit or loss, respectively).

#### 2.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

### 2.4 Property, plant and equipment

The Company has elected to continue with the carrying value for all of its property, plant and equipment's assets as recognised in its previous GAAP financial as deemed cost at the transition date, i.e., 1 April 2015.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All repair and maintenance costs are recognised in statement of profit or loss as incurred.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as follows:

- Plant and machinery - 5 to 10 years
- Furniture & fixtures - 10 years
- Office equipment's - 3 to 5 years
- Computer, servers & network - 3 to 6 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

### 2.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Cost include acquisition and other incidental cost related to acquiring the intangible asset.

Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated, future economic benefits are probable. The costs which can be capitalized include the salary and ESOP cost of employees that are directly attributable to development of the asset for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected use



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

ful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### Amortisation

Period of Amortisation of Intangibles is calculated as follows:

- Internally generated /Acquired Computer Software – 3 to 5 years

#### Intangible assets under development

Expenditure incurred on acquisition/construction of intangible assets which are not ready for their intended use at balance sheet date are disclosed under Intangible assets under development. During the period of development, the asset is tested for impairment annually.

## 2.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company's lease asset classes primarily comprise of lease for Vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified

asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

- **Right to use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of- use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets (i.e. 30 and 60 years) If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of use assets are also subject to impairment.

# Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

- **Lease Liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in other current and non-current financial liabilities.

- **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. "Lease liability" and "Right of Use" asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 2.7 Impairment of non-financial assets

Non-financial 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 generated unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### 2.8 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

#### 2.9 Revenue Recognition

##### Rendering of services

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

Revenue from Web Services is recognised upfront at the point in time when the service is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customizes, this service is recognized proportionally over the period.

Revenue is measured based on the consideration specified in a contract with the customer and excludes amounts collected on behalf of customers. The Company presents revenue net of discounts and collection charges. Revenue also excludes taxes collected from customers.

Revenue from related parties are recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Excess billing over revenue ("contract liability") is recognised when there is billing in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by offering and geography.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date as per contract.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

#### Export incentives

Export incentives are accounted on accrual basis based on services rendered.

#### 2.10 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### a. Financial assets

##### (i) Initial recognition and measurement.

All financial assets, except investment in subsidiaries and joint ventures, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Equity instruments measured at fair value through statement of profit and loss (FVTPL)
- Debt instruments at amortised cost:  
A debt instrument is measured at amortised cost if both the following conditions are met:
  - the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

- Debt instruments at fair value through other comprehensive income (FVTOCI)  
A debt instrument is measured at fair value through other comprehensive income if both of the following criteria are met:

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

- the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, interest income, impairment losses & reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- **Debt instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

- **Equity instruments:**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

- **Investment in subsidiaries and associates:**

Investment in subsidiaries and associates is carried at cost in the standalone financial statements.

#### (iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

'pass-through' arrangement; and either (a) the Company

- has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### (iv) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is

required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

#### b. Financial Liabilities

##### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

##### (ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

##### • Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

- (iii) **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

- c. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 2.11 Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### 2.12 Taxes

Tax expense comprises of current income tax and deferred tax.

##### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company does not recognize tax credits in the nature of MAT credit as an asset since there is no convincing evidence that the



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the future year in which the Company recognizes tax credits as an asset, the said asset will be created by way of tax credit to the Statement of profit and loss.

#### 2.13 Retirement and other employee benefits

##### a. Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the year.

##### b. Post-Employment Benefits

###### (i) Defined benefit plan

Gratuity benefit scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet reduced by the fair value of any plan assets. The discount rate used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company has not invested in any fund for meeting liability.

#### 2.14 Employee stock option schemes

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

##### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

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

# Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

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

### 2.15 Earnings per share

Basic EPS amounts are calculated by dividing the profit or loss for the year attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit or loss attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### 2.16 Segment reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Unallocable items includes general

corporate income and expense items which are not allocated to any business segment.

#### Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### 2.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingencies

Provision in respect of contingencies relating to claims, litigation, assessment, fines, penalties etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 2.18 Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide Notification dated 23 March 2022. Following amendments and annual improvements to Ind AS are applicable from 1 April 2022.

##### Ind AS - 103 Business Combination

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

##### Ind AS - 16 Property Plant and Equipment

The amendment clarifies that sale proceeds of items produced in the process of making PPE available for its intended use cannot be deducted from the cost of PPE. Instead, such proceeds shall be recognized in the statement of profit or loss.

##### Ind AS - 37 Provisions

The amendment clarifies that the 'costs to fulfil' a contract include both incremental costs (direct labour and material) and an allocation of other direct costs (e.g: depreciation charge for an item of PPE used in fulfilling the contract).

##### Annual improvements to Ind AS 109 - Financial instruments

The amendment clarifies while performing the '10 percent test' for derecognition of financial liabilities, borrower includes only fees paid or received between borrower and lender directly or on behalf of the other's behalf.

The Company does not expect the above amendments / improvements to have any significant impact on its standalone financial statements

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 3 : Property, plant and equipment

Particulars	Plant & machinery	Furniture & fixture	Office equipment	Computer, server & network	Total	INR in lakhs
						Right to use assets (Refer note 28)
<b>Gross Block</b>						
As at March 31, 2020	78.51	25.73	-	105.06	209.31	-
Accquired on scheme of arrangement (refer note 34)	-	-	0.84	2.01	2.85	-
Additions	0.38	-	-	0.82	1.19	-
Deductions	-	-	-	-	-	-
As at March 31, 2021	78.89	25.73	0.84	107.89	213.35	-
Additions	-	-	0.51	9.06	9.57	71.99
Deductions	-	-	-	-	-	-
As at March 31, 2022	78.89	25.73	1.34	116.95	222.92	71.99
<b>Depreciation and Impairment</b>						
As at March 31, 2020	72.46	23.44	-	95.58	191.48	-
Accquired on scheme of arrangement (refer note 34)	-	-	0.26	1.42	1.68	-
Depreciation for the year	3.48	1.08	0.15	2.19	6.89	-
Deductions	-	-	-	-	-	-
As at March 31, 2021	75.94	24.51	0.41	99.19	200.06	-
Depreciation for the year	1.90	0.84	0.59	2.33	5.66	4.28
Deductions	-	-	-	-	-	-
As at March 31, 2022	77.84	25.36	1.00	101.52	205.72	4.28
<b>Net Block</b>						
As at March 31, 2022	1.05	0.38	0.34	15.43	17.20	67.70
As at March 31, 2021	2.95	1.22	0.43	8.70	13.29	-

**Notes:** Right to use assets represents vehicles taken on lease for employees, are accounted for in accordance with the principal of Ind AS 116 'Leases'

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 4 : Other intangible assets

Particulars	INR in lakhs		
	Computer Software	Intangible Asset	Total
<b>Cost</b>			
As at March 31, 2020	45.00	14.98	59.98
Acquired on scheme of arrangement (refer note 34)	-	1698.77	1698.77
Additions	-	-	-
Deductions	-	-	-
<b>As at March 31, 2021</b>	<b>45.00</b>	<b>1713.75</b>	<b>1758.75</b>
Additions	-	-	-
Deductions	-	-	-
<b>As at March 31, 2022</b>	<b>45.00</b>	<b>1713.75</b>	<b>1758.75</b>
<b>Amortisation and Impairment</b>			
As at March 31, 2020	33.00	14.05	47.05
Acquired on scheme of arrangement (refer note 34)	-	1,190.07	1190.07
Amortisation for the Year	9.00	205.31	214.31
Deductions	-	-	-
<b>As at March 31, 2021</b>	<b>42.00</b>	<b>1409.43</b>	<b>1451.43</b>
Amortisation for the Year	3.00	119.20	122.20
Deductions	-	-	-
<b>As at March 31, 2022</b>	<b>45.00</b>	<b>1,528.63</b>	<b>1,573.63</b>
<b>Net Block</b>			
<b>As at March 31, 2022</b>	<b>-</b>	<b>185.13</b>	<b>185.13</b>
<b>As at March 31, 2021</b>	<b>3.00</b>	<b>304.32</b>	<b>307.32</b>

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 5 : Financial assets

##### 5 (a) Investments

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Non-current investment</b>		
<b>Investment in equity instruments</b>		
<b>Unquoted</b>		
GESIA IT Association	0.00	0.00
10 ( 31 March 2021 : 10) equity shares		
	0.00	0.00
AutoDAP B.V.	1439.87	-
41,400 ( 31 March 2021 : 0) equity shares		
	1439.87	-
<b>Total Investments</b>	<b>1439.87</b>	<b>0.00</b>
Aggregate amount of unquoted investments	1439.87	-
Aggregate amount of impairment in value of investments	-	

##### 5 (b) Trade Receivables

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Trade receivables</b>		
Unsecured, considered good	598.34	812.05
<b>Total Trade Receivables</b>	<b>598.34</b>	<b>812.05</b>

- (i) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days
- (ii) For amount dues and terms and conditions relating to Related Party Transactions, refer note 24
- (iii) For explanation on Company's credit risk management process, refer note 29
- (iv) For trade receivables ageing schedule, refer note 35

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### 5 (c) Cash and cash equivalents

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Balance with Bank</b>		
Current accounts	49.44	169.39
Cash on hand	1.08	1.06
<b>Total cash and cash equivalents</b>	<b>50.52</b>	<b>170.45</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Balance with Bank</b>		
Current accounts	49.44	169.39
Cash on hand	1.08	1.06
	<b>50.52</b>	<b>170.45</b>

#### 5 (d) Other Financial assets

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Non-current</b>		
Security deposit	11.04	-
Bank deposits with original maturity of more than 12 months (including accrued interest)	3.56	3.30
	<b>14.59</b>	<b>3.30</b>
<b>Current</b>		
Security deposits	-	11.34
Accrued Revenue	54.60	-
Bank deposits maturing within 12 months from reporting date	0.41	0.40
Interest accrued but not due on Other deposits	0.14	-
	<b>55.15</b>	<b>11.73</b>
<b>Total other financial assets</b>	<b>69.74</b>	<b>15.03</b>

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Financial assets by category

Particulars	Cost	FVOCI	FVTPL	Amortised Cost
<b>March 31, 2022</b>				
Investments		1439.87		
Trade receivables				598.34
Cash & cash equivalents				50.52
other financial assets				69.74
<b>Total Financial assets</b>		<b>1439.87</b>		<b>718.60</b>
<b>March 31, 2021</b>				
Investments	0.00			
Trade receivables				812.05
Cash & cash equivalents				170.45
other financial assets				15.03
<b>Total Financial assets</b>	<b>0.00</b>			<b>997.53</b>

For Financial instruments risk management objectives and policies, refer Note 29

Fair value disclosures for financial assets and liabilities and fair value hierarchy disclosures for investment refer note 29.

#### Note 6 : Other current / non-current assets

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Current</b>		
Advance to Employee	4.35	3.67
Balance with government authorities	10.13	62.39
Advances to suppliers	3.09	0.15
Prepaid expenses	3.81	1.19
Other current asset	-	0.23
<b>Total</b>	<b>21.37</b>	<b>67.63</b>



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 7 : Income tax assets

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
Tax paid in advance (net of provision)	15.26	13.83
<b>Total</b>	<b>15.26</b>	<b>13.83</b>

#### Note 8 : Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	INR in lakhs	No. of shares	INR in lakhs
<b>Authorised share capital</b>				
Equity shares of Re.1 each *	60,000,000	600.00	60,000,000	600.00
<b>Issued and subscribed share capital</b>				
Equity shares of Re.1 each *	38,653,560	386.54	38,653,560	386.54
<b>Subscribed and fully paid up</b>				
Equity shares of Re.1 each *	3,865,3560	386.54	38,653,560	386.54
<b>Total</b>	<b>38,653,560</b>	<b>386.54</b>	<b>38,653,560</b>	<b>386.54</b>

\*During the year, the Shareholders of the Company have approved the Split/Sub-division of each Equity Share of the Company from the existing Face Value of Rs. 10/- (Rupees Ten Only) per Equity Share to Face Value of Re. 1/- (Rupee One Only) per Equity Share in Extra Ordinary General Meeting held on February 25, 2022. The Record Date for Sub-division was March 17, 2022. The number of shares for the year ended March 31, 2021 have been restated to give effect of split/sub-division.

#### 8.1. Terms/Rights attached to the equity shares

The Company has equity shares having a par value of Re.1 per share. All equity shares rank equally with regard to dividend and share in the Company's residual assets in proportion of amount paid up. The equity shares are entitled to receive dividend as declared from time to time. Each holder of the equity shares is entitled to one vote per share.

On winding up of Company, the holder of equity shares will be entitled to receive the residual assets of Company, remaining after distribution of all preferential amounts in proportion to number of equity shares held

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### 8.2. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	INR in lakhs	No. of shares	INR in lakhs
At the beginning of the year	38,653,560	386.54	22,500,000	225.00
Add :				
Shares allotted pursuant to Scheme of Arrangement (refer note 34)	-	-	16,153,560	161.54
Outstanding at the end of the year	38,653,560	386.54	38,653,560	386.54

#### 8.3. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Shivben Popatbhai Sutariya	4,500,000	11.64%	4,500,000	11.64%
Infibeam Avenues Limited	11,475,000	29.69%	11,475,000	29.69%
Yogesh Sutariya	4,506,960	11.66%	4,506,960	11.66%

**Note:** As per records of the Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

#### 8.4 Number of Shares held by Promoters at the end of the year

Name of the Promoter	As at March 31, 2022		% Change during the year
	No. of shares	% of shareholding	
Yogeshkumar Popatbhai Sutariya	4,506,960	11.66%	0.0%
Shivben Popatlal Sutariya	4,500,000	11.64%	0.0%
Gajera Kirit K	-	-	**
Hiten Ashwin Barchha	898,910	2.33%	0.0%
Avni Hiten Barchha	1,670	0.00%	0.0%
Ajay Manjibhai Patel	-	-	**
Diyalbhai Italiya #	220	0.00%	0.0%

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Name of the Promoter	As at March 31, 2021		% Change during the year
	No. of shares	% of shareholding	
Yogeshkumar Popatbhai Sutariya	4,506,960	11.66%	***
Shivben Popatlal Sutariya	4,500,000	11.64%	***
Gajera Kirit K	1,125,580	2.91%	***
Hiten Ashwin Barchha	898,910	2.33%	***
Avni Hiten Barchha	1,670	0.00%	***
Ajay Manjibhai Patel	830	0.00%	***
Diyalbhאי Italiya #	-	0.00%	***

\*\* Pursuant to the approval from the stock exchanges, the above promoters were re-classified into Public Category w.e.f. December 29, 2021

\*\*\*Pursuant to the Scheme of Arrangement as approved by Hon'ble National Company Law Tribunal (NCLT) at Ahmedabad Bench vide its order dated November 27, 2020, all the above members were reclassified as promoter from public category.

# - Promoter Group

#### 8.5 Shares reserved for issue under options

For information relating to DRC Systems India Limited Employee Stock Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period please refer to note 26

#### 8.6 Aggregate number of equity shares issued as bonus shares during five years prior to March 31, 2022.

Year	Number of Shares
2019-20	9,000,000

90,00,000 ( Previous year : NIL) equity shares of Re. 1 each have been allotted as fully paid up bonus shares by capitalising retained earnings.

#### 8.7 Aggregate number of equity shares issued for a consideration other than cash during five years prior to March 31, 2022.

Year	Number of Shares
2020-21	16,153,560

16,153,560 ( Previous year : NIL) equity shares of Re. 1 each have been allotted as fully paid up vide Scheme of Arrangement. ( Refer note: 34)

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 9 : Other Equity

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Capital reserve</b>		
Opening balance	209.61	-
Add: Addition on Scheme of Arrangement	-	371.15
Less: Issue of Equity Shares pursuant to Scheme of Arrangement (refer note 34)	-	(161.54)
<b>Balance at the end of the year</b>	<b>209.61</b>	<b>209.61</b>
<b>Employees Stock Options Outstanding (refer Note 26)</b>		
Opening balance	-	-
Add : Employee compensation expense for the year	38.43	-
<b>Balance at the end of the year</b>	<b>38.43</b>	-
<b>Retained earnings</b>		
Opening balance	(25.92)	14.73
Add: profit / (loss) for the year	70.32	(47.91)
Add / (Less): OCI for the year	(0.84)	7.26
<b>Balance at the end of the year</b>	<b>43.56</b>	<b>(25.92)</b>
<b>Total Other equity</b>	<b>291.60</b>	<b>183.69</b>

#### Employees Stock Options Outstanding

The share based option outstanding account is used to recognise the grant date fair value of options issued to employees under Company's employee stock option schemes.

#### Retained Earnings

Retained earnings comprises of prior and current year's undistributed earnings after tax.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 10 : Financial liabilities

##### 10 (a) Borrowings

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Non-current Borrowings</b>		
<b>Unsecured</b>		
Other loans	1,515.00	-
<b>Total borrowings</b>	<b>1,515.00</b>	<b>-</b>

##### Terms of Borrowing:

The unsecured loan is long term in nature and carries an interest of 7% p.a. repayable in multiple tranches.

##### 10 (b) Trade payable

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Current</b>		
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises		
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		269.98
<b>Total</b>		<b>269.98</b>

(i) Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

(ii) For disclosure required under Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006, refer note 31

(iii) For explanation on Company's liability risk management process, refer note 29

(iv) For trade payables ageing schedule, refer note 35

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### 10 (c) Other financial liabilities

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Non current</b>		
Lease liability (refer note:28)	60.47	-
	60.47	-
<b>Current</b>		
Employee benefits payable	69.10	58.72
Creditor for expenses	8.50	6.15
Lease liability (refer note:28)	8.26	-
Other financial liabilities	-	268.93
	85.86	333.80
<b>Total</b>	<b>146.33</b>	<b>333.80</b>

#### Financial liabilities by category

Particulars	FVTPL	FVOCI	Amortised Cost
<b>March 31, 2022</b>			
Borrowings			1,515.00
Trade payable			-
Other financial liabilities			146.33
<b>Total Financial liabilities</b>			<b>1,661.33</b>

Particulars	FVTPL	FVOCI	Amortised Cost
<b>March 31, 2021</b>			
Trade payable			269.98
Other financial liabilities			333.80
<b>Total Financial liabilities</b>			<b>603.78</b>

For Financial instruments risk management objectives and policies, refer Note 29

Fair value disclosures for financial assets and liabilities and fair value hierarchy disclosures for investment are in Note 29

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 11 : Provisions

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Long-term</b>		
Provision for employee benefits (refer Note 23)		-
Provision for gratuity	39.48	35.04
	<b>39.48</b>	<b>35.04</b>
<b>Short-term</b>		
Provision for employee benefits (refer Note 23)		
Provision for gratuity	20.91	18.40
	<b>20.91</b>	<b>18.40</b>
<b>Total</b>	<b>60.40</b>	<b>53.44</b>

#### Note 12 : Other current liabilities

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Current</b>		
Statutory liabilities- Others	35.00	58.81
Excess billing over revenue	8.24	4.78
Provision for expenses	42.26	2.13
Other liabilities	10.12	150.04
<b>Total</b>	<b>95.62</b>	<b>215.76</b>

#### Note 13 : Revenue from operations

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Sale of services	1,950.11	2,059.49
<b>Total</b>	<b>1,950.11</b>	<b>2,059.49</b>

Refer note 33 "Disclosure pursuant to Ind AS 115 "Revenue from contract with customers"

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 14 : Other income

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Net foreign exchange gain	31.32	-
Interest Income	0.84	1.34
Miscellaneous Income	0.92	-
No Longer Payable	-	10.93
<b>Total</b>	<b>33.09</b>	<b>12.27</b>

#### Note 15 : Employee benefits expense

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Salaries and wages	867.19	729.83
Contribution to provident and other funds (refer note 23)	23.53	19.56
Share based payments to employees (refer note 26)	38.43	69.40
Staff welfare expenses	2.77	1.03
<b>Total</b>	<b>931.93</b>	<b>819.82</b>

#### Note 16 : Finance costs

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Interest expense	3.61	2.36
Interest expense - on statutory dues	1.24	2.82
Interest expense on right to use assets	2.36	-
<b>Total</b>	<b>7.20</b>	<b>5.18</b>

Refer note 28 "Lease"

#### Note 17 : Depreciation and amortization expense

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Depreciation on tangible assets (Refer Note 3)	5.66	6.89
Amortization on intangible assets (Refer Note 4)	122.20	214.31
Depreciation on right to use assets (Refer Note 3)	4.28	-
<b>Total</b>	<b>132.14</b>	<b>221.21</b>



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 18 : Other expenses

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Bank charges	0.38	0.42
Software expenses	2.31	3.68
Communication expenses	1.41	1.37
Commission expenses	11.46	4.61
Legal and consultancy expenses	37.22	42.51
Office expenses	3.08	3.01
Payments to auditors	2.57	2.23
Rent	70.84	57.99
Rate and taxes	21.74	0.63
Advertisement expenses	2.03	7.93
Meeting sitting expenses	7.90	-
Electricity expenses	5.26	4.37
Printing & Stationery Expenses	0.47	0.10
Traveling expenses	0.56	-
Repair & Maintainace Expenses	2.78	0.20
Security expenses	1.46	1.69
Subscription expenses	3.96	4.89
Net foreign exchange loss	-	17.66
<b>Total</b>	<b>175.44</b>	<b>153.29</b>

#### 18 (a) Payments to auditors

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Auditor	1.43	1.35
For taxation matters	1.05	0.83
For company law matters	-	-
For other services	0.10	0.05
For reimbursement of expenses	-	-
<b>Total</b>	<b>2.57</b>	<b>2.23</b>

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 19 : Contingent liabilities

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Contingent liabilities not provided for</b>		
a. Claims against Company not acknowledged as debts	-	-
b. Guarantees given by bank on behalf of the Company	-	-

#### Note 20 : Capital commitment and other commitments

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	-	-

#### Note 21 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives: The Company does not have any foreign exchange derivatives

B. Exposure Not Hedged:

Nature of exposure	Currency	As at March 31, 2022		As at March 31, 2021	
		Foreign currency	Local currency INR in lakhs	Foreign currency	Local currency INR in lakhs
Trade receivables	USD	596,980	452.47	1,054,815	770.06
	AUD	14,180	8.05	-	-
Accrued revenue	GBP	45,298	45.05	-	-
Cash Balance	USD	847	0.64	847	0.62
	EURO	380	0.32	380	0.33
	SGD	200	0.11	200	0.11
	MUF	55	0.00	55	0.00

#### Note 22 : Income tax

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
Tax paid in advance (net of provision)	15.26	13.83
<b>Total</b>	<b>15.26</b>	<b>13.83</b>

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

The major component of income tax expense for the year ended March 31, 2022 and year ended March 31, 2021 are :

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current income tax	43.75	9.95
(Excess)/short provision related to earlier years	(6.48)	-
<b>Deferred tax</b>		
Deferred tax expense/ (credit)	13.25	(23.24)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>50.52</b>	<b>(13.29)</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the period ended March 31, 2022 and year ended March 31, 2021

#### A. Current tax

Particulars	2021-22 (INR in lakhs)	2020-21 (INR in lakhs)
<b>Accounting profit before tax from continuing operations</b>	<b>120.84</b>	<b>(61.20)</b>
Tax Rate	25.17%	25.17%
Computed expected tax expense	30.41	(15.40)
<b>Adjustment</b>		
Non-deductable expenses	13.34	25.35
(Excess)/short provision related to earlier years	(6.48)	0.00
Employee benefit payable	(1.75)	(2.74)
Income not subject to tax related to Ind AS adjustment	(1.03)	0.00
Excess of amortization of fixed assets under income-tax law over amortization provided in accounts	16.03	(20.50)
	<b>50.52</b>	<b>(13.29)</b>

## Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

## B. Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2022 (INR in lakhs)	March 31, 2021 (INR in lakhs)	March 31, 2022 (INR in lakhs)	March 31, 2021 (INR in lakhs)
Provision for employee benefits	15.20	13.45	(1.75)	(2.74)
Excess of depreciation/ amortisation on fixed assets in accounts over depreciation/ amortisation provided under income-tax law.	14.13	30.16	16.03	(20.50)
Income not subject to tax related to Ind AS adjustment	1.03	-	(1.03)	-
<b>Deferred tax (expense) / income</b>			<b>13.25</b>	<b>(23.24)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>30.36</b>	<b>43.61</b>		
<b>Reflected in the balance sheet as follows</b>				
Deferred tax assets (net)	30.36	43.61		
Deferred tax liabilities	-	-		
<b>Deferred tax assets (net)</b>	<b>30.36</b>	<b>43.61</b>		

Particulars	March 31, 2022 (INR in lakhs)	March 31, 2021 (INR in lakhs)
<b>Reconciliation of deferred tax assets / (liabilities), net</b>		
Opening balance as of April 1	43.61	20.37
Tax income/(expense) during the year recognised in profit or loss	(13.25)	23.24
Tax income/(expense) during the year recognised in OCI	-	-
<b>Closing balance as at March 31</b>	<b>30.36</b>	<b>43.61</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 23 : Disclosure pursuant to Employee benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund which is a defined contribution plan. The Company has no obligations other than to make the specified contribution. The contribution is charged to the Statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year is as follows: Amount of INR 23,53,359 (March 31, 2021: Rs.19,55,698) is recognised as expenses and included in Note No. 15 "Employee benefit expense"

Particulars	As at March 31, 2022 (INR in lakhs)	As at March 31, 2021 (INR in lakhs)
Provident Fund	23.53	19.56
	<b>23.53</b>	<b>19.56</b>

## Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

The Company has following post employment benefits which are in the nature of defined benefit plans:

## (a) Gratuity

The Company operates post employment defined benefit plan i.e gratuity plan (the plan). The plan is unfunded and entitles an employee, who has rendered atleast five years of continuous service, to receive half month's salary for each period of completed service at the time of retirement/resignation. The long term service incentive is accrued for all eligible employee of the Company and is payable on completion of 5 year of service.

**March 31, 2022 : Changes in defined benefit obligation and plan assets**

	April 1, 2021	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income				March 31, 2022			
		Transfer in/ (out) obliga- tion	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (exclud- ing amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		Experience adjustments	Sub-total included in OCI	Contributions by employer
<b>Gratuity</b>													
Defined benefit obligation	53.44	-	7.88	3.12	11.00	(4.88)	-	-	(1.54)	2.38	0.84	-	60.40
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>53.44</b>	<b>-</b>	<b>7.88</b>	<b>3.12</b>	<b>11.00</b>	<b>(4.88)</b>	<b>-</b>	<b>-</b>	<b>(1.54)</b>	<b>2.38</b>	<b>0.84</b>	<b>-</b>	<b>60.40</b>
<b>Total benefit liability</b>	<b>53.44</b>	<b>-</b>	<b>7.88</b>	<b>3.12</b>	<b>11.00</b>	<b>(4.88)</b>	<b>-</b>	<b>-</b>	<b>(1.54)</b>	<b>2.38</b>	<b>0.84</b>	<b>-</b>	<b>60.40</b>

**March 31, 2021 : Changes in defined benefit obligation and plan assets**

	April 1, 2020	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income				March 31, 2021			
		Transfer in/ (out) obliga- tion	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (exclud- ing amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		Experience adjustments	Sub-total included in OCI	Contributions by employer
<b>Gratuity</b>													
Defined benefit obligation	46.81	-	11.38	2.51	13.89	-	-	-	(7.03)	(0.23)	(7.26)	-	53.44
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>46.81</b>	<b>-</b>	<b>11.38</b>	<b>2.51</b>	<b>13.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7.03)</b>	<b>(0.23)</b>	<b>(7.26)</b>	<b>-</b>	<b>53.44</b>
<b>Total benefit liability</b>	<b>46.81</b>	<b>-</b>	<b>11.38</b>	<b>2.51</b>	<b>13.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7.03)</b>	<b>(0.23)</b>	<b>(7.26)</b>	<b>-</b>	<b>53.44</b>

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	6.80%	6.25%
Future salary increase	6.00%	6.00%
Attrition rate	25% at younger ages reducing to 5% at older ages	25% at younger ages reducing to 5% at older ages
Mortality rate	Indian Assured Lives Mortality (2012-14) Table	Indian Assured Lives Mortality (2012-14) Table
Retirement age	60 years	60 years

A quantitative sensitivity analysis for significant assumption is as shown below:

#### Gratuity

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2022 (INR in lakhs)	Year ended March 31, 2021 (INR in lakhs)
<b>Gratuity</b>			
Discount rate	0.5% increase	(59.09)	(52.27)
	0.5% decrease	61.79	54.69
Salary increase	0.5% increase	61.80	54.68
	0.5% decrease	(59.07)	(52.26)
Withdrawal rates	10% increase	(60.27)	(52.23)
	10% decrease	60.50	53.65

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Year ended March 31, 2022 (INR in lakhs)	Year ended March 31, 2021 (INR in lakhs)
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	20.91	18.40
Between 2 and 5 years	23.74	20.95
Beyond 5 years	17.62	14.94

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2022 (Years)	Year ended March 31, 2021 (Years)
<b>Gratuity</b>	6.52	6.33

# Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

### Risk Exposure

#### A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

##### Adverse Salary Growth Experience:

Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

##### Variability in mortality rates:

If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate

##### Variability in withdrawal rates:

If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

#### B. Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter- valuation period.

#### C. Liquidity Risk

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

#### D. Market Risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

#### E. Legislative Risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 24 : Related Party disclosures.

As per the Indian Accounting Standard on “Related Party Disclosures” (IND AS 24), the related parties of the Company are as follows :

##### Name of Related Parties and Nature of Relationship :

Sr.No	Relationship	Name of company/person
1	<b>Company having significant influence</b>	Infibeam Avenues Limited
2	<b>Key Management Personnel</b>	
	Managing Director	Hiten Ashwin Barchha (with effect from June 08, 2020)
	Non-Executive Chairman	Keyur Shah
	Non-executive Directors	Sanket Khemuka Jigar Shah Dipti Chitale Roopkishan Dave
	Chief Financial Officer (CFO)	Janmaya Preyas Pandya (with effect from December 05, 2020)
	Company Secretary (CS)	Jainam Ashvinkumar Shah (with effect from December 01, 2020)

#### Related party transactions

Particulars	Year ending	Key Management Personnel	Company having significant influence	INR in lakhs
				Total
<b>Issue of equity shares on account of scheme of arrangement (Numbers)</b>	March 31, 2022	-	-	-
	March 31, 2021	74	-	74
<b>Salaries paid</b>				
Hiten Ashwin Barchha	March 31, 2022	51.00	-	51.00
	March 31, 2021	48.74	-	48.74
Janmaya Preyas Pandya	March 31, 2022	11.10	-	11.10
	March 31, 2021	5.75	-	5.75
Jainam Ashvinkumar Shah	March 31, 2022	6.00	-	6.00
	March 31, 2021	4.21	-	4.21
<b>Directors sitting fees expense</b>				
Director sitting fees to non-executive and independent directors	March 31, 2022	7.9	-	7.90
	March 31, 2021	-	-	-

## Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

<b>Service Taken</b>				
Infibeam Avenues Limited	March 31, 2022	-	423.02	423.02
	March 31, 2021	-	921.26	921.26
<b>Service Given</b>				
Infibeam Avenues Limited	March 31, 2022	-	214.60	214.60
	March 31, 2021	-	-	-
<b>Reimbursement of Expenses From - Other Expenses</b>				
Infibeam Avenues Limited	March 31, 2022	-	59.79	59.79
	March 31, 2021	-	6.14	6.14
<b>Reimbursement of ESOP Expense</b>				
Infibeam Avenues Limited	March 31, 2022	-	-	-
	March 31, 2021	-	69.40	69.40
<b>Interest Expenses</b>				
Infibeam Avenues Limited	March 31, 2022	-	3.01	3.01
	March 31, 2021	-	2.18	2.18
<b>Loan Taken</b>				
Infibeam Avenues Limited	March 31, 2022	-	389.59	389.59
	March 31, 2021	-	300.68	300.68
<b>Repayment of Loan Taken</b>				
Infibeam Avenues Limited	March 31, 2022	-	389.59	389.59
	March 31, 2021	-	300.68	300.68
<b>Rent Expenses</b>				
Infibeam Avenues Limited	March 31, 2022	-	70.84	70.84
	March 31, 2021	-	57.99	57.99
<b>Closing Balance</b>				
<b>Trade Payable</b>				
Infibeam Avenues Limited	March 31, 2022	-	-	-
	March 31, 2021	-	269.98	269.98
<b>Other payables on account of scheme of arrangement</b>				
Infibeam Avenues Limited	March 31, 2022	-	-	-
	March 31, 2021	-	150.04	150.04

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

#### Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2022 (March 31, 2021: Rs.Nil)

#### Note 25 : Earning per share

Particulars	2021-22	2020-21
<b>Earning per share (Basic and Diluted) **</b>		
Profit attributable to ordinary equity holders (INR in Lakhs)	70.32	(47.91)
Total no. of equity shares at the end of the year	38,653,560	38,653,560
<b>Weighted average number of equity shares</b>		
For basic EPS	38,653,560	38,653,560
For diluted EPS	38,945,330	38,653,560
Nominal value of equity shares	1.00	1.00
Basic earning per share	0.18	(0.12)
Diluted earning per share	0.18	(0.12)
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	3,865,3560	38,653,560
Effect of dilution: Employee stock options	291,770	-
Weighted average number of equity shares adjusted for the effect of dilution	38,945,330	38,653,560

\*\* The Shareholders of the Company have approved the split/sub-division of each equity share of the Company from the existing Face Value of Rs. 10/- (Rupees Ten Only) per equity share to face value of Re. 1/- (Rupee One Only) per equity share in Extra Ordinary General Meeting held on February 25, 2022. The record date for subdivision was March 17, 2022. The Earning Per Share figures for the year ended March 31, 2021 has been restated to give effect of split/sub-division as required by IND AS 33.

#### Note 26: Share based payments

##### Employee stock option (ESOP) scheme (2020-21):

The scheme has been adopted by the Board of Directors pursuant to resolution passed at its meeting held on August 27, 2021, read with Special Resolution passed by shareholder of the company at the extra ordinary general meeting held on September 28, 2021. The plan entitles senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. All exercised options shall be settled in demat mode. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of Re 1 which is 93% to 98% below the market price at the date of grant.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Scheme	ESOP Scheme 2021-22
Date of grant	October 01, 2021
Number of options granted	315,750
Exercise price per option	1.00
Vesting requirements	Vesting period as defined by the board in the letters issuing the options to employees.
Exercise period	1 year - 4 years
Method of settlement	Demat mode

The following table sets forth a summary of the activity of options:

Particulars	2021-22 ESOP Scheme 2021-22	2020-21 ESOP Scheme 2021-22
<b>Options</b>		
Outstanding at the beginning of the year	-	-
Granted during the year	315,750	-
Exercised during the year	-	-
Lapse during the year	(12,500)	-
Outstanding at the end of the year	303,250	-
Exercisable at the end of the year	303,250	-

#### Expense arising from share- based payment transactions

Total expenses arising from share- based payment transactions recognised in profit or loss as part of employee benefit expense were as follows :

Particulars	2021-22 ( INR in Lakhs)	2020-21 (INR in Lakhs)
Employee option plan	38.43	-
<b>Total employee e share based payment expense</b>	<b>38.43</b>	<b>-</b>

The fair value of the share based payment options granted on is determined using the black scholes model using the following inputs at the grant date which takes in to account the exercise price, the term of the option, the share price at the grant date, and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Particulars	2021-22	2020-21
Option grant date	October 01, 2021	-
Weighted average share price.	28.26	-
Exercise price	1	-
Expected volatility	41.10%	-
Expected life (years)	1.5	-
Dividend yield	NIL	-
Risk-free interest rate (%)	4.08%	-
Fair market value share	27.08	-
Weighted average remaining contractual life (Years)	-	-

#### Note 27: Segment reporting

The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to Software development, maintenance and other ancillary services, the Company does not operate in more than one business segment.

##### A. Information about geographical areas

The Company operates in two principal geographical areas of the world, in India, its home country, and the other countries. As the Company does not operate in more than one business segment, disclosures for primary segment as required under Ind AS 108 have not been given.

##### B. Unallocated items:

Domestic geographical segment includes certain assets which are common to both the geographical segment (i.e. Domestic and Export). Non-current assets exclude financial instruments, deferred tax assets and tax assets.

##### C. Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Particulars	Year ending	INR in lakhs		
		Domestic	Overseas	Total
Revenue from operations and other operating revenue	31-03-2022	1,030.36	919.75	1,950.11
	31-03-2021	890.51	1,168.98	2,059.49
Carrying amount of segment assets*	31-03-2022	284.62	1,439.87	1,724.48
	31-03-2021	323.91	-	323.91

\* The carrying amount of Non Current Assets which do not include Deferred Tax Asset, Income Tax Assets and Financial Assets analysed the geographical area in which the Assets are located

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 28: Lease

##### A. Operating Lease - Current

The Company has taken a commercial premises under operating leases. The leases period is of 1 year. These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually accepted terms including escalation of lease rent. Total expense incurred under the cancellable operating lease agreement recognized as an expense in the Statement of Profit and Loss during the year is INR 70.84 Lakhs (previous year INR 57.99 Lakhs)

##### B. Operating Lease - Non-current

During the year, the Company has acquired cars for its employees on long term lease basis. Accordingly, the Company has adopted IND AS 116 "Leases" to all lease contracts. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate and has measured right of use asset at an amount equal to lease liability.

#### The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Following is carrying value of right of use assets recognised on date of application and the movements thereof during the year ended March 31, 2022 and March 31, 2021:

Particulars	Right to use assets	
	As at March 31, 2022 (INR in Lakhs)	As at March 31, 2021 (INR in Lakhs)
Opening Balance		
Transition impact on account of adoption of Ind AS 116 "Leases" (refer Note 3)	-	-
<b>Total Right of Use on the date of transition</b>	-	-
Additions during the year	71.99	-
Deletion during the year	-	-
Depreciation of Right of use assets (refer note 3)	4.28	-
<b>Closing Balance</b>	<b>67.70</b>	-

The following is the carrying value of lease liability on the date of application and movement thereof during the year ended March 31, 2022 and March 31, 2021 :

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Particulars	Lease Liability	
	As at March 31, 2022 (INR in Lakhs)	As at March 31, 2021 (INR in Lakhs)
Opening Balance	-	-
Transition impact on account of adoption of Ind AS 116 "Leases"	-	-
Additions during the year	71.99	-
Finance cost accrued during the year (refer note 16)	2.36	-
Deletions	-	-
Payment of lease liabilities	(5.61)	-
Closing Balance	68.73	-
Current maturities of Lease liability (refer note 10)	8.26	-
Non-Current Lease Liability (refer note 10)	60.47	-

The following are the amounts recognised in statement of Profit & Loss :

Particulars	As at March 31, 2022 (INR in Lakhs)	As at March 31, 2021 (INR in Lakhs)
Depreciation of Right of use assets (refer note 3)	4.28	-
Interest on Lease obligation (refer note 16)	2.36	-
	6.64	-

The Company had total cash out flows for leases of Rs.5.61 Lakhs in the current year (year ended March 31, 2021 Rs. NIL). The entire amount is in the nature of fixed lease payments. The Company had non-cash addition to right of use assets of Rs.71.99 Lakhs and lease liabilities of Rs. 71.99 Lakhs in the current year (year ended March 31, 2021 Rs. NIL) on account of acquisition of right to use assets.

The weighted average incremental borrowing rate applied to lease liabilities is 8%

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

### Note 29: Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the Financial Statements.

## Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

## Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

As at 31 March 2022

INR in lakhs

Particulars	Carrying amount			Fair value				
	Amotised Cost	Fair value through		Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
		Other comprehensive income	Profit and loss					
<b>Financial assets</b>								
Non Current Investments	-	1,439.87	-	1,439.87	-	1,439.87	-	1,439.87
Other Non-current financial asset	14.59	-	-	14.59	-	-	-	-
	<b>14.59</b>	<b>1,439.87</b>	<b>-</b>	<b>1454.46</b>	<b>-</b>	<b>1,439.87</b>	<b>-</b>	<b>1,439.87</b>
<b>Financial liabilities</b>								
Borrowings								
Non-current borrowing	1,515.00	-	-	1,515.00	-	1,515.00	-	1,515.00
Other financial liabilities - non current	60.47	-	-	60.47	-	-	-	-
	<b>1,575.47</b>	<b>-</b>	<b>-</b>	<b>1,575.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 31 March 2021

Particulars	Carrying amount			Fair value				
	Amotised Cost	Fair value through		Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
		Other comprehensive income	Profit and loss					
<b>Financial assets</b>								
Non Current Investments	0.00	-	-	0.00	-	0.00	-	0.00
Other Non-current financial asset	3.30	-	-	3.30	-	-	-	-
	<b>3.30</b>	<b>-</b>	<b>-</b>	<b>3.30</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>
<b>Financial liabilities</b>								
	-	-	-	-	-	-	-	-



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

The management assessed that cash and cash equivalents, other bank balances, loans, trade receivables, trade payables, other current financial assets and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments

#### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

#### Level 2 - Valuation technique and significant observable inputs for assets and liabilities

Long term borrowings represents loan taken as Intercorporate Loan. The fair value of borrowing is derived based on market observable interest rate.

The fair values of the unquoted non current investment have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted investments.

### B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### (i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Board of Directors. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

#### Financial Instruments and Cash Deposits

The credit risk from balances/deposits with Banks, current investments and other financial assets are managed in accordance with company's policy. Investment of surplus funds are primarily made in Liquid/Short Term Plan of Mutual Funds and in Bank Deposits which carry a high external rating.

#### Trade receivables

Trade receivables of the company are typically unsecured. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which company grants credit terms in the normal course of business. The allowance for impairment of Trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:

Particulars	Carrying amount as at	
	March 31, 2022 ( INR in Lakhs)	March 31, 2021 (INR in Lakhs)
Domestic	137.83	41.99
Other regions	460.51	770.06
	<b>598.34</b>	<b>812.05</b>

The above receivables which are past due but not impaired are assessed on individual case to case basis and relate to a number of independent third party customers from whom there is no recent history of default. These financial assets were not impaired as there had not been a significant change in credit quality and the amounts were still considered recoverable based on the nature of the activity of the customer portfolio to which they belong and the type of customers. There are no other classes of financial assets that are past due but not impaired except for Trade receivables as at March 31, 2022 and March 31, 2021

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 29: Financial instruments – Fair values and risk management (contd.)

##### (iii.) Liquidity riskwork

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	INR in lakhs	
Particulars	Less than 1 Year	More than 1 Year
<b>Year ended March 31, 2022</b>		
Interest bearing borrowings	-	1,515.00
Trade payables	-	-
Other financial liabilities	85.86	60.47
	<b>85.86</b>	<b>1,575.47</b>
		INR in lakhs
Particulars	Less than 1 Year	More than 1 Year
<b>Year ended March 31, 2021</b>		
Interest bearing borrowings	-	-
Trade payables	269.98	-
Other financial liabilities	333.80	-
	<b>603.78</b>	-

##### (A). Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits.

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has foreign currency trade payables and receivables and is, therefore, exposed to foreign exchange risk. The Company does not use any derivative instruments to hedge its risks associated with foreign currency fluctuations.

##### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

INR in lakhs

	Change in USD rate	Effect on profit before tax
March 31, 2022	+5%	22.66
	-5%	(22.66)
March 31, 2021	+5%	38.53
	-5%	(38.53)

INR in lakhs

	Change in GBP rate	Effect on profit before tax
March 31, 2022	+5%	2.25
	-5%	(2.25)
March 31, 2021	+5%	-
	-5%	-

#### Interest Rate Risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed plus variable rate borrowings.

#### Note 30 : Capital management

For the purpose of the Company's capital management, capital includes issued equity 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 an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

Particulars	Year ended March 31, 2022 (INR in lakhs)	Year ended March 31, 2021 (INR in lakhs)
Interest-bearing loans and borrowings	1,515.00	-
Less: cash and cash equivalent (including other bank balance) (Note 5)	50.52	170.45
<b>Net debt</b>	<b>1,464.48</b>	<b>(170.45)</b>
Equity share capital (Note 8)	386.54	386.54
Other equity (Note 9)	291.60	183.69
<b>Total capital</b>	<b>678.14</b>	<b>570.23</b>
<b>Capital and net debt</b>	<b>2,142.62</b>	<b>399.78</b>
Gearing ratio	0.68	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

#### Note 31 : Dues to micro and small suppliers

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filling of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' (the MSMED Act) accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2022 and March 31, 2021 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

On basis of information and records available with the Company, the above disclosures are made in respect of amount due to the micro, small and medium enterprises, which have been registered with the relevant competent authorities. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

#### Note 32:

Pursuant to Employees Stock Option Scheme (ESOP) established by the erstwhile holding company i.e. Infibeam Avenues Limited, stock options were granted to the employees of the company. The ESOP cost is being recovered over the period of vesting by the erstwhile holding company. Consequently, cost of Rs. Nil (March 31, 2021: Rs. 69.40 Lakhs) has been recovered in current year. The cost recovered for the period is net of reversals on account of vested and unvested lapses relating to employees who have resigned during the period.

#### Note 33: Disclosure pursuant to Ind AS 115 "Revenue from contract with customers":

##### (A). Disaggregation of revenue

The table below presents disaggregated revenue from contract with customers for the year ended March 31, 2022 by offerings.

##### (i) Revenue by offerings

Particulars	INR in lakhs	
	For the year ended March 31, 2022	For the year ended March 31, 2021
IT and IT enabled Services	1950.11	2059.49
<b>Total</b>	<b>1950.11</b>	<b>2059.49</b>

##### IT and IT enabled Services

It comprises of web & mobile app development, maintenance, testing and related ancillary services.

(ii) Refer note 27 for disaggregation of revenue by geographical segments

(iii) The Company believes that this disaggregation best depicts how the nature, amount, timing of its revenues and cash flows are affected by industry, market and other economic factors.

##### (B) Transaction price allocated to remaining performance obligation

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2022 is INR 8.24 Lakhs which is expected to be recognized as revenue within the next one year. Remaining performance obligation estimates are subject to change and are affected by several factors, including changes in the scope of contracts, periodic revalidations, and adjustments for currency.

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

(C) Changes in contract assets are as follows:

Particulars	INR in lakhs	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	-	-
Revenue recognised during the year	54.60	-
Invoices raised during the year	-	-
Revenue reversed	-	-
<b>Balance at the end of the year</b>	<b>54.60</b>	<b>-</b>

(D) Changes in unearned and deferred revenue are as follows:

Particulars	INR in lakhs	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	4.78	-
Revenue recognised that was included in the excess billing over revenue at the beginning of the year	(4.78)	-
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	8.24	4.78
Translation exchange difference	-	-
<b>Balance at the end of the year</b>	<b>8.24</b>	<b>4.78</b>

### Note 34: Acquisition of of Themepark & Event Software Undertaking vide Scheme of Arrangement

The Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its order dated November 27, 2020, sanctioned the Composite Scheme of Arrangement amongst Infibeam Avenues Limited ('Infibeam'), Suvidhaa Infoserve Limited ('Suvidhaa'), DRC Systems India Limited ('DRC') and NSI Infinium Global Limited ('NSI') and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ('Scheme') leading to Transfer and vesting of the SME E-Commerce Services Undertaking from Infibeam to Suvidhaa and Themepark & Event Software Undertaking from Infibeam to DRC. The Scheme became effective upon filing of certified copy of the order with the Registrar of Companies (RoC) on December 2, 2020. The Appointed Date for the Composite Scheme of Arrangement was April 1, 2020 and the Record Date was set as December 11, 2020 for the purpose of determining the shareholders for issuance of Equity Shares.

Acquisition of Themepark & Event Software Undertaking :

In accordance with the provisions of the aforesaid scheme, upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Themepark & Event Software Undertaking into DRC pursuant to the provisions of this Scheme, DRC has, without any further act or deed, issued and allotted to each shareholder of Infibeam, whose name is recorded in the register of members and records of the depositories as members of Infibeam, on the Record Date in the following ratio:

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

1 (One) equity share of Rs. 10/- (Rupees Ten Only) each of DRC credited as fully paid-up for every 412 (Four Hundred Twelve) equity shares of Re. 1/- (Rupee One Only) each held by such shareholder in Infibeam.

In accordance with the scheme, the acquisition of undertakings has been accounted as prescribed by Ind AS 103 "Business Combinations".

Accordingly, the accounting treatment has been given as under:

All the assets and liabilities of acquired undertaking as at April 01, 2020 have been recorded at their fair values and the net assets value have been adjusted against Capital Reserves under Other Equity. The equity shares have been allotted during the year post approval of scheme out of the said reserve.

#### Assets acquired and liabilities assumed

The fair value of the assets and liabilities acquired of Themepark & Event Software Undertaking as at the date of acquisition (April 01, 2020) were as follows:

Particulars	As at April 01,2020 (INR in lakhs)
<b>Assets</b>	
Property, plant and equipments	1.16
Intangible assets	508.71
Trade receivable	10.62
Cash and cash equivalent	39.93
<b>Liabilities</b>	
Other financial liabilities	(6.05)
Other current liabilities	(183.22)
<b>Total net assets at fair value</b>	<b>371.15</b>

Equity shares issued as per Scheme of Arrangement out of Capital Reserve are as follow

Particulars	No. of shares	INR in lakhs
Equity shares of Re.1 each	16,153,560	161.54



## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 35 : Ageing Schedule

##### A. Trade Receivables Ageing Schedule

As at March 31, 2022

INR in lakhs

Particulars	Outstanding for the following periods from date of the invoice					Total
	< 6	6	1- 2	2- 3	More	
	Months	Months - 1 Year	Years	Years	than 3 Years	
Undisputed Trade Receivables, considered good	364.04	165.71	61.21	0.91	6.46	598.34
Undisputed Trade Receivables, which have significant increase in credit risk						
Undisputed Trade Receivables, credit impaired						
Disputed Trade Receivables, considered good						
Disputed Trade Receivables, which have significant increase in credit risk						
Disputed Trade Receivables, credit impaired						

As at March 31, 2021

INR in lakhs

Particulars	Outstanding for the following periods from date of the invoice					Total
	< 6	6	1- 2	2- 3	More	
	Months	Months - 1 Year	Years	Years	than 3 Years	
Undisputed Trade Receivables, considered good	341.52	461.89	1.02	6.38	1.24	812.05
Undisputed Trade Receivables, which have significant increase in credit risk						
Undisputed Trade Receivables, credit impaired						
Disputed Trade Receivables, considered good						
Disputed Trade Receivables, which have significant increase in credit risk						
Disputed Trade Receivables, credit impaired						

## Notes

## TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

## B. Trade Payables Ageing Schedule

As at March 31, 2022

INR in lakhs

Particulars	Outstanding for the following periods from date of the invoice					Total
	< 6 Months	6 Months - 1 Year	1- 2 Years	2- 3 Years	More than 3 Years	
MSME	-	-	-	-	-	-
Others	-	-	-	-	-	-
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

As at March 31, 2021

INR in lakhs

Particulars	Outstanding for the following periods from date of the invoice					Total
	< 6 Months	6 Months - 1 Year	1- 2 Years	2- 3 Years	More than 3 Years	
MSME	-	-	-	-	-	-
Others	269.98	-	-	-	-	269.98
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### Note 36 : Additional Regulatory Information

##### A. Analytical Ratios

Ratios	Numerator	Denominator	As on March 31, 2022	As on March 31, 2021	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	3.58	1.27	183%	Improvement in view of better working capital management
Debt Equity Ratio	Borrowings	Total Equity	2.23	-	-	
Debt Service Coverage Ratio	EBITDA	Interest + Principal	0.17	-	-	
Return on Equity Ratio	EBIT	Total Assets less Total Liabilities	18.88%	-9.82%	292%	Improvement in view of increase in operating efficiency resulting into higher operating margin
Net Capital Turnover Ratio	Income from Operations	Average Working Capital (Current Assets less Current Liabilities)	5.22	9.21	-43%	Net Capital Turnover Ratio increased due increase in working capital
Net Profit Ratio	Net Income	Total Income	3.55%	-2.31%	253%	Improvement in view of increase in operating efficiency resulting into higher operating margin
Trade receivables turnover ratio	Income from Operations	Average Trade Receivables	2.77	3.50	-21%	There is no significant change
Trade payables turnover ratio	Contracting Expenses	Average Trade Payables	4.56	4.60	-1%	There is no significant change
Return on capital employed	EBIT	Total Assets less Current Liabilities	5.58%	-9.26%	160%	Improvement in view of increase in operating efficiency resulting into higher operating margin
Return on investment	"Income generated from investments"	Average Investments	0.00%	0.00%	-	There is no significant change

## Notes

### TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (continued)

#### B. Others

Other than in the normal and ordinary course of business there are no funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company; or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

There have been no funds that have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

#### Note 37 :

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on 24-03-2020 which has impacted the business activities of the Company. On account of this, the Company has prepared cash flow projections and also, assessed the recoverability of receivables, contract assets, using the various internal and external information up to the date of approval of these financial statements. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and nonfinancial assets. The Company will continue to closely monitor any material changes to future economic conditions.

#### Note 38 :

Previous year figures have been regrouped or recast wherever necessary to make them comparable with those of current year.

As per our report of even date

For, **Rajpara Associates**  
Chartered Accountants

ICAI Firm's Registration No. 113428W

For and on behalf of the board of directors of  
DRC Systems India Limited

CIN: L72900GJ2012PLC070106

**Chandramaulin J. Rajpara**  
Partner

Membership No.046922

Place : Ahmedabad

Date : April 18, 2022

**Hiten Barchha**

Managing Director

DIN: 05251837

Place : Gandhinagar

Date : April 18, 2022

**Keyur Shah**

Chairman

DIN: 03111182

Place : Gandhinagar

Date : April 18, 2022

**Janmaya Pandya**

Chief Financial Officer

Place : Gandhinagar

Date : April 18, 2022

**Jainam Shah**

Company Secretary

Place : Gandhinagar

Date : April 18, 2022



**REGISTERED OFFICE:**

24<sup>th</sup> Floor, GIFT Two Building, Block No. 56, Road-5C, Zone-5, GIFT CITY, Gandhinagar,  
Taluka & District – Gandhinagar – 382 355 Gujarat, India