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protean
Change *is* growth

PROTEAN eGOV TECHNOLOGIES LIMITED

(FORMERLY KNOWN AS NSDL e-GOVERNANCE INFRASTRUCTURE LIMITED)

Our Company was originally incorporated as 'National Securities Depository Limited' on December 27, 1995 as a public limited company under the Companies Act, 1956, and was granted the certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Our Company was issued a certificate for commencement of business dated February 8, 1996 by the RoC. Pursuant to the scheme of arrangement between our Company and NSDL Depository Limited under Section 391 to 394 of Companies Act, 1956 ("**Scheme of Arrangement**"), the name of our Company was changed from 'National Securities Depository Limited' to 'NSDL e-Governance Infrastructure Limited' and a fresh certificate of incorporation was issued on December 19, 2012 by the RoC. The name of our Company was changed from 'NSDL e-Governance Infrastructure Limited' to 'Protean eGov Technologies Limited' pursuant to a shareholders' resolution dated October 28, 2021, to represent the full gamut of products and service offerings of the Company in the space of information technology solutions and extension into new markets, sectors and geographies, and a fresh certificate of incorporation was granted by the RoC on December 8, 2021. For further details in relation to the Scheme of Arrangement, see "*History and Certain Corporate Matters - Scheme of Arrangement between NSDL Depository Limited and our Company*" on page 148 of the draft red herring prospectus dated December 24, 2021 ("**DRHP**" or "**Draft Red Herring Prospectus**"). For further details in relation to the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" beginning on page 146 of the Draft Red Herring Prospectus.

Registered and Corporate Office: Times Tower, 1st Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra;
Telephone: +91 22 4090 4242; **Contact Person**: Maulesh Kantharia, Company Secretary and Compliance Officer; **E-mail**: cs@proteantech.in; **Website**: www.proteantech.in; **Corporate Identity Number**: U72900MH1995PLC095642

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED DECEMBER 24, 2021 AND THE ADDENDUM DATED APRIL 27, 2022 ("FIRST ADDENDUM"): NOTICE TO INVESTORS (THE "SECOND ADDENDUM")

INITIAL PUBLIC OFFER OF UP TO 12,080,140 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF PROTEAN eGOV TECHNOLOGIES LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") THROUGH AN OFFER FOR SALE OF UP TO 1,095,288 EQUITY SHARES BY IIFL SPECIAL OPPORTUNITIES FUND AGGREGATING UP TO ₹[●] MILLION, UP TO 762,998 EQUITY SHARES BY IIFL SPECIAL OPPORTUNITIES FUND SERIES 2 AGGREGATING UP TO ₹[●] MILLION, UP TO 353,160 EQUITY SHARES BY IIFL SPECIAL OPPORTUNITIES FUND SERIES 3 AGGREGATING UP TO ₹[●] MILLION, UP TO 945,694 EQUITY SHARES BY IIFL SPECIAL OPPORTUNITIES FUND SERIES 4 AGGREGATING UP TO ₹ [●] MILLION, UP TO 736,899 EQUITY SHARES BY IIFL SPECIAL OPPORTUNITIES FUND SERIES 5 AGGREGATING UP TO ₹[●] MILLION, UP TO 430,748 EQUITY SHARES BY ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA AGGREGATING UP TO ₹[●] MILLION, UP TO 3,159,027 EQUITY SHARES BY NSE INVESTMENTS LIMITED AGGREGATING UP TO ₹[●] MILLION, UP TO 788,338 EQUITY SHARES BY HDFC BANK LIMITED AGGREGATING UP TO ₹[●] MILLION, UP TO 1,261,341 EQUITY SHARES BY AXIS BANK LIMITED AGGREGATING UP TO ₹[●] MILLION, UP TO 1,261,341 EQUITY SHARES BY DEUTSCHE BANK A.G. AGGREGATING UP TO ₹[●] MILLION, UP TO 575,802 EQUITY SHARES BY PUNJAB NATIONAL BANK AGGREGATING UP TO ₹ [●] MILLION, UP TO 709,504 EQUITY SHARES BY UNION BANK OF INDIA AGGREGATING UP TO ₹[●] MILLION (THE "SELLING SHAREHOLDERS") AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE ("OFFERED SHARES"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:

a) The Draft Red Herring Prospectus dated December 24, 2021 read with the First Addendum contains the Restated Consolidated Financial Information of our Company as at and for the nine months period ended December 31, 2021 and December 31, 2020 and as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"), which are derived from our audited consolidated financial statements as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and nine months period ended December 31, 2021 and December 31, 2020. The section titled "*Restated Consolidated Financial Information*" of the Draft Red Herring Prospectus has been updated to provide recent restated consolidated financial information of the Company, as at and for the nine months period ended December 31, 2022 and December 31, 2021 and as at and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, restated in accordance with the SEBI ICDR Regulations, which are derived from our audited consolidated financial statements as at and for the nine months period ended December 31, 2022 and December 31, 2021 and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, prepared in accordance with Ind AS 34 and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI, through this Second Addendum. All details in the section titled, "*Restated Consolidated Financial Information*" from this Second Addendum will be disclosed appropriately in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the Securities and Exchange Board of India and the Stock Exchange.

b) The sections titled, "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", have been updated to include certain operational updates in the business of our Company and the updates in the financial information of the Company, as at and for the nine months period ended December 31, 2022 and December 31, 2021 and as at and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, restated in accordance with the SEBI ICDR Regulations. Please note that all other details in, and updates to the sections titled, "*Our Business*" and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* will be carried out in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange.

c) The section titled, "*Risk Factors*", has been updated to include certain updated risk factors with material updates as well as the financial information of the Company, as at and for the nine months period ended December 31, 2022 and December 31, 2021 and as at and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, restated in accordance with the SEBI ICDR Regulations has been updated in this section. Please note that all other details in, and updates to the section titled, "*Risk Factors*" will be carried out in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange.

d) The section titled, "*Industry Overview*", has been updated to include updates to the report titled "Assessment of large-scale IT infrastructure demand in India" dated December 2021 read with the addendum to the report dated April, 2023 (the "**CRISIL Report**"), prepared and issued by CRISIL, appointed by us on May 12, 2021 and exclusively commissioned and paid for by us in connection with the Offer. Please note that all other details in, and updates to the section titled, "*Industry Overview*" will be carried out in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange.

e) Please note that, subsequent to the filing of the Draft Red Herring Prospectus, there have been certain updates to the Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The details of such changes have been disclosed in **Annexure I** of this Second Addendum. The requisite details in relation to such changes, as well as the updated Board, Key Managerial Personnel and Senior Management Personnel, shall be disclosed appropriately in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange.

The above changes are to be read in conjunction with the Draft Red Herring Prospectus and First Addendum and accordingly their references in the Draft Red Herring Prospectus and First Addendum stand updated pursuant to this Second Addendum. The information in this Second Addendum supplements the Draft Red Herring Prospectus and the First Addendum and updates the information in the Draft Red Herring Prospectus, as applicable. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Second Addendum, as may be applicable in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange. Investors should read the Red Herring Prospectus as and when filed with the RoC, the SEBI and the Stock Exchange before making an investment decision in the Offer. The Equity Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

Potential Bidders may note that in order to assist the Bidders to get a complete understanding of the updated information, the relevant portions of the sections titled "*Risk Factors*", "*Our Business*", *Management's Discussion and Analysis of Financial Condition and Results of Operations*", *"Industry Overview",* "*Our Management*" and "*Financial Information*" have been included in this Second Addendum. Please note that the Second Addendum does not reflect all the changes that have occurred between the date of filing of the DRHP and the date hereof, and accordingly does not include all the changes and/or updates that will be included in the Red Herring Prospectus and the Prospectus. All capitalised terms used in this Second Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the DRHP.

For and on behalf of Protean eGov Technologies Limited

Place: Mumbai
Date: April 25, 2023

Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail:** protean.ipo@icicisecurities.com **Investor grievance Id:** customercare@icicisecurities.com **Website:** www.icicisecurities.com **Contact person:** Rupesh Khant/ Ashik Joisar **SEBI Registration no:** INM000011179	**Equirus Capital Private Limited** 12th Floor, C Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai - 400 013 Maharashtra, India **Tel:** +91 22 4332 0700 **E-mail:** protean.ipo@equirus.com **Investor grievance Id:** investorsgrievance@equirus.com **Website:** www.equirus.com **Contact person:** Ankesh Jain **SEBI Registration no.:** INM000011286	**IIFL Securities Limited**# 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India **Tel:** +91 22 4646 4600 **E-mail:** protean.ipo@iiflcap.com **Investor grievance Id**: ig.ib@iiflcap.com **Website:** www.iiflcap.com **Contact person:** Pinkesh Soni/ Dhruv Bhagwat **SEBI Registration no:** INM000010940	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India **Tel:** +91 22 4037 4037 **E-mail:** proteanipo@nomura.com **Investor grievance Id:** investorgrievances-in@nomura.com **Website:** www.nomuraholdings.com/company/group/asia/india/index.html **Contact person:** Vishal Kanjani **SEBI Registration no.:** INM000011419	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park L.B.S. Marg Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel**: +91 22 49 18 6200 **E-mail**: protean.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Investor grievance Id**: protean.ipo@linkintime.co.in **Contact person**: Shanti Gopalkrishnan **SEBI registration no**: INR000004058

BID/OFFER PROGRAMME	
BID/OFFER OPENS ON*	**[●]**
BID/OFFER CLOSES ON**	**[●]**

 # In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, IIFL Securities Limited will be involved only in marketing of the Offer. IIFL Securities Limited has signed the due diligence certificate and has been disclosed as BRLM for the Offer.

** Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

*** Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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SECTION I: RISK FACTORS

An investment in equity shares involves a high degree of risk. Potential investors should carefully consider all the information in the Draft Red Herring Prospectus and this Addendum, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. Further, the risks below have been limited to only the material risks applicable to our business and financial condition in our view and investors should read the section "Risk Factors" included in the Draft Red Herring Prospectus. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, results of operations and financial condition could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Industry Overview", "Our Business", "Restated Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 19, 52, 77 and 162, respectively, as well as the other financial and statistical information contained in this Second Addendum. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.

Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

The Draft Red Herring Prospectus and this Second Addendum also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus and this Second Addendum. For further information, see "Forward-Looking Statements" on page 15 of the Draft Red Herring Prospectus.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2020, 2021 and 2022 and the nine months ended December 30, 2021 and December 31, 2022 included herein is derived from the Restated Consolidated Financial Information, included in this Second Addendum. For further information, see "Restated Consolidated Financial Information" on page 77 of this Second Addendum.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of large-scale IT infrastructure demand in India" dated December 2021 read with an addendum to the report dated April, 2023 (the "**CRISIL Report**"), prepared and issued by CRISIL, appointed by us on May 12, 2021 and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at available at https://www.proteantech.in/disclosures-notice.html. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. For more information, see "48. Risk Factors – Industry information included in the Draft Red Herring Prospectus has been derived from an industry report exclusively commissioned by and paid for by us for such purpose." on page 41 of the Draft Red Herring Prospectus. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data" on page 12 of the Draft Red Herring Prospectus.*

1. ***We are substantially dependent on projects awarded by government entities and agencies and our relationship with GoI entities exposes us to risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition.***

Our business is currently substantially dependent on e-governance and other projects awarded by government establishments, including central, state and local authorities and agencies and public sector undertakings.

The table below provides details of revenues from operations from contracts and licences sourced from such government clients/ bodies as a percentage of our revenue from operations in the corresponding periods:

Fiscal 2020		Fiscal 2021		Fiscal 2022		Nine months ended December 31, 2021		Nine months ended December 31, 2022	
Revenue from contracts and licences sourced	Percentage of revenue from operation	Revenue from contracts and licences sourced	Percentage of revenue from operation	Revenue from contracts and licences sourced	Percentage of revenue from operation	Revenue from contracts and licences sourced	Percentage of revenue from operation	Revenue from contracts and licences sourced	Percentage of revenue from operation

from government clients/ bodies (₹ million)	s (%)	from government clients/ bodies (₹ million))	s (%)	from government clients/ bodies (₹ million)	s (%)	from government clients/ bodies (₹ million)	s (%)	from government clients/ bodies (₹ million)	s (%)
5,747.27	80.25%	4,370.19	72.46%	4,822.85	69.80%	3,444.64	67.96%	3,712.55	72.76%

As we grow our operations, we may continue to be reliant on revenues generated from contracts entered with such government agencies. Any adverse changes in government policies and budgetary allocation resulting from a change in government policies or priorities, could materially and adversely affect our financing, capital expenditure, revenues, or operations relating to our existing and proposed projects as well as our ability to participate in competitive bidding or negotiations for our future projects. For instance, we were appointed as one of the registrars of UIDAI for the purpose of enrolment of residents for allotment of Aadhaar. However, our engagement under this project was concluded in Fiscal 2019 and has not been renewed further. Further, any change to the tax and pension schemes of the GoI could impact our ability to collect tax information for the TIN project and function as the central recordkeeping agency for the NPS.

Given that we derive a significant portion of our revenue from government entities or agencies, we are exposed to various additional risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition. These risks include:

- participation in contracts with government entities could subject us to stricter regulatory and testing requirements which may increase our compliance costs;
- execution of the detailed definitive documentation and agreements with government entities or agencies may take a significant amount of time and cause delays;
- cancelation of empanelment with government entities or agencies. For example, we were empanelled with EXIM Bank as a contractor for engineering, procurement, and construction – information technology services and this empanelment has since been discontinued, with all projects to be provided on a tender basis;
- delays in project implementation and key initiatives where we have invested significant costs;
- delays in recovery of service charges due to time taken to complete internal processes by such entities and agencies;
- inability to complete projects in a timely manner;
- levy of liquidated damages due to our execution delays, which may adversely affect our profit margins;
- contracts with government entities or agencies are awarded to the lowest bidder that meets technical conditions of the tender, which makes winning such tenders difficult. In addition, if we have to lower our pricing in order to win tenders, it would exert pressure on our margins;
- the tender process is long and may be subject to significant delays and/or renegotiation of the terms of the bid or lowering the price for products and services included in the tender;
- political and economic factors such as pending elections, changes in leadership among key governmental decision makers, changes or delays in the implementation of government policies, revisions to tax policies can affect the number and terms of new government contracts signed;
- any disinvestment by the GoI of its shareholding in such entities could result in a change in business operations of such entities, which may impact existing or future business arrangements between our Company and such entities;
- terms and conditions of contracts, including requests for proposals and tenders tend to be more onerous and are often more difficult to negotiate than those for other commercial contracts; and
- in the event of any non-payment or delay in payment by such clients, we may be unable to make payments to our technology partners and other third-party contractors, who may initiate proceedings against our Company.

Further, payments from government entities or agencies may be, and have been, subject to delays, due to regulatory scrutiny and procedural formalities including with respect to determination on achievement of certain service milestones. To the extent that payments under our contracts with government entities are delayed, our cash flows may be impacted. Each of such risks may result in an adverse impact on our business, results of operation and financial condition.

2. ***Our reputation could be at risk and we may be liable to our clients or to regulators for damages caused by inadvertent disclosure of confidential information and sensitive data.***

We are dependent on our information technology networks and systems to process, transmit, host and securely store electronic information and to communicate among our locations and with our clients, suppliers and partners. We are often required to collect and store sensitive or confidential client data. Security breaches, employee misappropriation, unauthorized access, human or technological error could lead to potential unauthorized disclosure of sensitive data, which in turn could jeopardize projects that are critical to the operations of our clients' businesses. The theft and/or unauthorized use or publication of our, or our clients', confidential information or other proprietary business information as a result of such an incident could adversely affect our reputation and competitive position. Any failure in the networks or computer systems used by us or our clients could result in a claim for substantial damages against us and significant reputational harm. Many of our client agreements do not limit our potential liability for breaches of confidentiality. Even if we are compliant with the industry standards, we may still not be able to prevent security breaches involving client transaction data. Any breach could cause clients to lose confidence in the security of our systems and choose not to use our products or services. Any security breach could expose us to risks of data loss, fines, litigation and liability and could seriously disrupt our operations and harm our reputation, any of which could adversely affect our business.

As a service provider servicing clients operating across a broad range of industries, we often have access to or are required to manage, utilize, collect and store sensitive data and may become subject to various regulatory regimes. These laws and regulations are increasing in complexity and number and change frequently. Scope and coverage of these regulations are vast and include various stakeholders that do not necessarily restrict applicability to a certain geography in which we operate, which may result in greater compliance risk and cost. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client or our data, or otherwise mismanages or misappropriates that data, we could be subject to significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in addition to significant damage to our reputation. The monetary damages might not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages and could be significant. In addition, our liability insurance, might not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related breaches. Many of our contracts involve projects that are critical to the operation of our clients' businesses and provide benefits which may be difficult to quantify.

In addition, we collect and store personal information from clients in the course of doing business. The laws relating to protection of personal information have increased the costs of doing business and, if we fail to implement appropriate safeguards or we fail to detect and provide prompt notice of unauthorized access as required by some of these laws, we could be subject to potential claims for damages and other remedies. If we were required to pay any significant amounts in satisfaction of claims under these laws, or if we were forced to cease our business operations for any length of time as a result of our inability to comply fully with any such law, our business, operating results and financial condition could be adversely affected.

The Personal Data Protection Bill, 2019 has been replaced with the draft Digital Personal Data Protection Bill, 2022 notified by the Ministry of Electronics and Information Technology, Government of India ("**MeitY**") on November 18, 2022 ("**Draft Bill 2022**"), which aims to establish a comprehensive legal framework governing personal data ("**PD**") protection in India. The Draft Bill 2022 is applicable to processing of digital PD: (a) within the territory of India where such PD is collected from data principals online and PD collected offline, if digitized; and (b) outside the territory of India, if the processing is in connection with any profiling of, or activity of offering goods or services to data principals within India. Additionally, the Central Government may, after an assessment of necessary factors, notify countries or territories outside India to which a data fiduciary may transfer PD, along with certain terms and conditions. This indicates that data transfer may only be allowed to certain countries subject to the Central Government's terms and conditions.

As part of our operations, we are required to comply with the IT Act and the rules thereof, which provide for civil and criminal liability including compensation to persons affected, penalties and imprisonment for various cyber-related offenses, including unauthorized disclosure of confidential information and failure to protect sensitive personal data. The GoI has implemented certain privacy laws, including the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011, which impose limitations and restrictions on the collection, use, disclosure and transfer of personal information. For further details, see "*Key Regulations and Policies in India*" on page 143 of the Draft Red Herring Prospectus.

Any failure in a client's system or breaches of security, regardless of our responsibility for such failure, could result in a claim for substantial damages against us and force us to incur significant expense for our defense or could require that we pay large sums in settlement. If unauthorized access to or disclosure of such data in our possession or control occurs or we otherwise fail to comply with applicable laws and regulations in this regard, we could be exposed to civil or criminal enforcement actions and penalties in connection with any violation of applicable data protection laws, as well as lawsuits brought by our clients, or our clients users or others for breaching contractual confidentiality and security provisions or data protection laws. Laws and expectations relating to data protection continue to evolve in ways that may limit our access, use and disclosure of sensitive data, and may require increased expenditures by us or may dictate that we not offer certain types of services. Negative public opinion can result from our actual or alleged conduct in any number of activities, including but not limited to cybersecurity breaches, failures to safeguard personal information, corporate governance, sales and marketing practices, regulatory compliance, mergers and acquisitions, and actions taken by government regulators and community organizations in response to that conduct. Any actual or alleged conduct by one business that we operate can result in negative public opinion about other businesses that we operate. Although we take steps to minimize reputational risk in dealing with clients and end-customers, we are inherently exposed to this risk. In addition, third parties with whom we have important relationships may take actions over which we have limited control that could negatively impact perceptions about us or the sectors in which we serve.

The changed operating model to working from home due to the COVID-19 pandemic may increase the risk of confidential data breach as our employees will be accessing these data from home. While we have taken measures to implement suitable automated controls and educate our employees on the importance of security and the need to adhere to the highest levels of security standards, we may not be able to prevent all data breaches, there by resulting in loss of reputation or adverse financial impact due to resultant penalties or fines.

3. Our business, financial condition and results of operations may be materially adversely affected by global health epidemics, including the recent COVID-19 outbreak, and the continuing effect of the same cannot be predicted.

In late 2019, COVID-19, commonly known as the "novel coronavirus", emerged and by March 11, 2020, was declared a global pandemic by the World Health Organization. Governments and municipalities around the world instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. By the end of March 2020 the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility.

Some of the specific consequent risks related to the occurrence of COVID-19 that have impacted our operations include:

- Our profitability may be marginally impacted as some clients have sought price reductions or discounts. Our revenue from operations decreased by 15.78% from ₹ 7,161.39 million in Fiscal 2020 to ₹ 6,031.32 million in Fiscal 2021. We also witnessed an increase in provision for doubtful debts from ₹ 106.30 million in Fiscal 2020 to ₹ 292.00 million in Fiscal 2021 due to an increase in expected credit risk loss on long outstanding trade receivables;
- Our trade receivable turnover days increased from 107 days in Fiscal 2020 to 120 days in Fiscal 2021 primarily due to the temporary disruptions in certain of our customers' business operations caused by the COVID-19 outbreak;
- Many of our clients' and business partners business operations have been negatively impacted due to the economic downturn, resulting in postponement, termination, suspension of some ongoing projects with us and/or reduced demand for our services and solutions;
- Restrictions on travel has impacted our ability to assign and deploy people at required locations and times to deliver contracted services, thereby impacting our revenue and/or profitability;
- Our ability to execute growth strategies and expand into new products and services;
- We incurred unanticipated costs in ensuring our offices are safe and hygienic workplaces for our employees; and to enable employees to work from home; and
- We incurred additional costs in procuring and deploying hardware assets and technology infrastructure and data connectivity charges for remote working.

In addition to the above, other consequent risks related to the occurrence of COVID-19 that may impact us in future are:

- Members of our management team and employees could contract COVID-19 and may be required to quarantine or be hospitalised;
- Restrictions on travel, marketing events and in-person client meetings may result in sub-optimal branding and delays in our sales and commercial processes, affecting our revenue;
- Clients may invoke contractual clauses and/or levy penalties if we are unable to meet project quality, productivity and schedule service level agreements due to our employees working remotely;
- Our profitability may be negatively impacted if we are unable to eliminate fixed or committed costs in line with reduced demand. Additionally, any sudden change in demand may impact utilization in short term thereby impacting margins;
- Uncertainty as to what conditions must be satisfied before the government authorities completely lift 'stay-at-home' orders, across various states in India;
- Our exposure to cyber security and data privacy breach incidents may increase due to a large number of employees working remotely. This in turn can hinder our ability to continue services and/or operations, impacting revenue, profitability and reputation; and
- Our ability to procure services may be impacted as some of our vendors may not able to operate efficiently during a lockdown.

Further, our ability to ensure the safety of our workforce and continuity of operations while confirming with measures implemented by the central and state governments in relation to the health and safety of our employees may result in increased costs. In the event a member or members of our management team contract(s) COVID-19, our operations may be potentially affected. Risks arising on account of COVID-19 can also threaten the safe operation of our offices and impact the well-being of our employees.

4. We may not be able to provide business solutions that meet our clients' requirements, which could lead to clients discontinuing their work with us, which in turn could harm our business.

We provide e-governance solutions that meet business requirements and offer our capabilities and expertise to the Central government and respective state governments, regulators, financial and non-financial institutions to create large scale e-governance solutions.

The table below provides details of revenue generated from our IT enabled e-governance services as a percentage of our revenue from operations in the corresponding periods:

Fiscal 2020		**Fiscal 2021**		**Fiscal 2022**		**Nine months ended December 31, 2021**		**Nine months ended December 31, 2022**	
Revenue from IT enabled e-governance services	**Percentage of revenue from operation**	**Revenue from IT enabled e-governance services**	**Percentage of revenue from operation**	**Revenue from IT enabled e-governance services**	**Percentage of revenue from operation**	**Revenue from IT enabled e-governance services**	**Percentage of revenue from operation**	**Revenue from IT enabled e-governance services**	**Percentage of revenue from operation**

(₹ million)	s (%)	(₹ million)	s (%)	(₹ million)	s (%)	(₹ million)	s (%)	(₹ million)	s (%)
7,161.39	100.00%	6,031.32	100.00%	6,909.09	100.00%	5,068.30	100.00%	5,102.20	100.00%

In recent years, we have been expanding the nature and scope of our engagements by extending the breadth of solutions and services that we offer, which include, for example, system integration services, data management, recordkeeping services, business process re-engineering, development of solutions architecture, data centre co-location services, managed services, digital design and analytics services, cloud related services, application development and maintenance, consulting and security and infrastructure management.

The increased breadth of our service offerings may result in larger and more complex client projects. This will require us to establish closer relationships with our clients and potentially with other technology service providers and vendors and require a more thorough understanding of our clients' operations. Our ability to establish these relationships will depend on a number of factors including the proficiency of our technology professionals and our management personnel. We may face challenges to successfully diversify and develop our services in response to evolving trends and demands may adversely affect our growth and negatively impact our profitability. Our service offerings may fail to accurately address our clients' or users requirements and may not generate the returns as anticipated. We may be required to discontinue such offering and we may not be able to recover the expenses incurred in developing and launching such offerings. For instance, our EZEEWILL service was launched in 2015 and was subsequently discontinued in 2019. Similarly, some of our offerings under NSDL GST services are intended to be phased out. There can be no assurance that there not be other services that will be discontinued in future. Thus, if we are unable to attain a thorough understanding of our clients' operations, our service offerings may not effectively meet client needs and jeopardize our client engagements, which may negatively impact our revenues and financial condition.

The table below provides details of our expenses on repairs and maintenance of computers, trading and telecommunication systems as a percentage of our revenue from operations in the corresponding periods:

Fiscal 2020		Fiscal 2021		Fiscal 2022		Nine months ended December 31, 2021		Nine months ended December 31, 2022	
Amount (₹ million)	Percentage of revenue from operation (%)	Amount (₹ million)	Percentage of revenue from operation (%)	Amount (₹ million)	Percentage of revenue from operation (%)	Amount (₹ million)	Percentage of revenue from operation (%)	Amount (₹ million)	Percentage of revenue from operation (%)
554.48	7.74%	529.90	8.79%	661.15	9.57%	495.42	9.77%	669.70	13.13%

We are also faced with the risk that we be unable to manage the scale of increased operational load given that we handle large projects. Any inability to manage the scale of operations could cause clients to lose confidence in our offerings and may choose not to use our products or services. Further, it may also adversely impact our reputation as a provider of large scale solutions which may in turn adversely impact our financial condition and results of operations. Larger projects often involve multiple components, engagements or stages, and a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements for various reasons unrelated to the quality of our services and outside of our control, such as the business or financial condition of our clients or the economy in general. Further, at the end of the term of the project, we may be required to participate in a fresh tender process for the existing project. In the event, we are unable to bid competitively or are not re-appointed, our financial condition, cash flows and results of operation could be adversely impacted. These terminations, cancellations or delays may make it difficult to plan for project resource requirements, which may have a negative impact on our profitability. Additionally, the business departments of our clients are increasingly making or influencing technology-related buying decisions. If we are unable to establish business relationships with these new buying centers, or if we are unable to articulate the value of our technology services to these business functions, our revenues may be adversely impacted.

5. ***We rely on telecommunications and information technology systems, networks and third party infrastructure to operate our business and any interruption or breakdown in such systems, networks or infrastructure of the third parties we rely on or our technical systems could impair our ability to effectively deliver our products and services.***

Our business is technology driven, and we rely on information technology and telecommunications systems and networks and related infrastructure. As such, our business operations and quality of our service depend on the efficient and uninterrupted operation and reliability of telecommunications and information technology systems and networks and related infrastructure. Our systems are vulnerable to damage or interruption as a result of natural disasters, power loss, telecommunications failure, technical failures, undetected errors or viruses in our software, corruption or loss of electronically stored data, disruption in communications access or infrastructure, electronic intrusion attempts, break-ins, sabotage, vandalism and other similar events. We cannot assure that our back-up and disaster recovery measures and business continuity planning would effectively eliminate or alleviate the risks arising from the above contingencies. In addition, our systems and software developed internally may contain undetected errors, defects or bugs, which we may not be able to detect and repair, in time or in a cost-effective manner, or at all. In such circumstances, we may be liable for all costs and damages, as we would not be entitled to any indemnification or warranty which we may have been provided if we had obtained such systems or software from third party professional providers. Any damage to or failure of our systems could lead to loss of data or interruptions or delays, thereby impairing our ability to effectively provide our services.

We may also face cyber threats such as (i) phishing and trojans – targeting our clients, wherein fraudsters send unsolicited mails to our clients seeking account sensitive information or to infect client machines to search and attempt ex-filtration of account sensitive information; (ii) hacking – wherein attackers seek to hack into our platform with the primary intention of causing reputational damage to us by disrupting services; (iii) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (iv) advanced persistent threat – a network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time with an intention to steal our data or information rather than to cause damage to our network or organization.

In addition, we rely upon cloud hosting service providers, which provides a distributed computing infrastructure platform for business operations, to operate certain aspects of our services, including our big data analytics application, and certain environments for development testing, training and demonstrations. Given this, along with the fact that we cannot easily switch our operations to another cloud provider, any disruption of or interference with our use of cloud servers would impact our operations and our business could be adversely impacted.

6. Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which we focus.

The technology services market is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. We may fail to anticipate or respond to these advances on a timely basis, or, if we do respond, the services or technologies that we develop may not be successful in the marketplace. We have recently introduced, and propose to introduce, several new solutions involving artificial intelligence-based automation, blockchain, IoT, machine learning and other technologies. The complexity of these solutions, our inexperience in developing or implementing them and significant competition in the markets for these solutions may affect our ability to market these solutions successfully. In addition, the development of some of the services and technologies may involve significant upfront investments and the failure of these services and technologies may result in our inability to recoup some or all of these investments. Further, better or more competitively priced products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete. Any future pandemic and the resultant economic downturn may result in reduced expenditure on ideating, incubating, developing and marketing new service offerings. This may in turn affect our long-term growth prospects.

7. If our pricing structures do not accurately anticipate the cost, complexity and duration of our work, then our contracts could be unprofitable.

We negotiate pricing terms with our clients utilizing a range of pricing structures and conditions. Depending on the particular contract, we may use cost / project based pricing, transaction or services based pricing or hybrid model with features of both pricing models. Our pricing is highly dependent on the client and our internal forecasts and predictions about our projects and the marketplace.

In accordance with the bid documents, we offer a portion of our services on a pre-agreed lump sum / milestone based fee payment following completion of a defined set of activities / activities by our Company in line with the service level parameters agreed between the parties. We bear the risks of cost overruns, including increased costs of third parties, completion delays and wage inflation in connection with these projects, which may have a material adverse effect on our profitability.

There is a risk that we will underprice our contracts, fail to accurately estimate the duration, complexity and costs of performing the work or fail to accurately assess the risks associated with potential contracts. The risk is greatest when pricing our outsourcing contracts, as many of our outsourcing projects entail the coordination of operations and workforces in multiple locations, utilizing workforces with different skill sets and competencies across geographically-distributed service centers. Our pricing, cost and profit margin estimates on outsourced work frequently include anticipated long-term cost savings from transformational initiatives and other endeavors that we expect to achieve and sustain over the life of the outsourcing contract, but may not generate revenue in the short term.

We may also fail to obtain renewals or provide ongoing services, the loss of which prevents us from realizing from long-term cost savings. In particular, any increased or unexpected costs, or wide fluctuations compared to our original estimates, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with the performance of this work, including those caused by factors outside our control, could make these contracts less profitable or unprofitable, which could have an adverse effect on our profit margin. For example, external conditions such as reduced economic activity or any pandemic may affect the rate of client spending, including through increased requests by clients for price discounts and adverse impacts on our ability to provide on-site services to our clients or delays to the provisioning of our offerings, could adversely affect our future revenues, operating results and overall financial performance.

8. Our client contracts can typically be terminated without cause, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Many of our client contracts that are on a cost / project based model, on transaction / services based model or hybrid model, can be terminated with or without cause, between 30-days' and 90-days' notice. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside of our control, which might lead to termination of a project or the loss of a client, including:

- financial difficulties for a client including limited access to the credit markets, insolvency or bankruptcy;
- a change in strategic priorities, resulting in a reduced level of technology spending;
- a demand for price reductions; or an unwillingness to accept higher pricing due to various factors such as higher wage costs, higher cost of doing business;
- a change in outsourcing strategy by moving more work to the client's in-house technology departments or to our competitors;
- mergers and acquisitions;
- consolidation of technology spending by a client, whether arising out of mergers and acquisitions, or otherwise;
- sudden ramp-downs in projects due to an uncertain economic environment; or

Larger projects may involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for subsequent stages or may cancel or delay subsequent planned engagements. Further, we may not be able to sell additional services to our existing clients. Termination of client relationships, particularly relationships with our significant clients, would have a material adverse effect on our business, results from operations and financial condition.

Further, any prolonged economic downturn may heighten the risk that certain of our clients may invoke termination clauses to reduce their expenditure which could in turn affect our growth and profitability. Our inability to control the termination of client contracts could have a negative impact on our financial condition and results of operations.

9. ***We depend on the continued service of our employees, and our business and growth prospects may be disrupted if we lose our employees' services or if employee costs increase.***

Our current and future success is dependent upon the continued service of our key managerial personnel, senior management personnel and our employees. Our industry is characterized by high demand and increased competition for skilled employees, and we may need to offer in order to attract and retain our employees in the future. As of March 31, 2020, 2021 and 2022, we had 450, 454 and 443 permanent employees and as of December 31, 2021 and December 31, 2022, we had 446 and 483 permanent employees, respectively. Although, our attrition rate of our employees was 14.02%, 3.76%, 17.39%, 11.78% and 13.61%, respectively, in Fiscal 2020, 2021 and 2022, and in the nine months ended December 31, 2021 and December 31, 2022, respectively.

We may not be able to identify, attract or retain such employees with the skillsets we require in a timely manner, on commercially favourable terms or at all. Although we have employment agreements with members of our key managerial personnel and our permanent employees, we cannot assure you that we will be able to retain key members of our management team. If we are unable to offer competitive salaries to our employees, we may not be able to retain them. If one or more of our key personnel are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing company, we may lose valuable operational, technical, business or other knowhow and expertise and we may not be able to replace them easily. Further, we may not be able to effectively or successfully transition the responsibilities of our key managerial personnel / senior management personnel to new employees. Our business may be significantly disrupted and our financial condition and results of operations may be materially and adversely affected by any of the foregoing.

We also depend on our employees to perform our operations, deliver our services to clients and grow our business. If any of our employees are not properly trained, incentivized or motivated to perform our services in accordance with our quality standards, operating procedures, safety regulations or applicable laws, this may adversely affect our brand and our business. In particular, we rely on our employees to install devices, collect fees, and perform maintenance works on our network infrastructure. Any non-compliance by our employees with our quality standards, operating procedures, safety regulations or applicable laws or any malicious acts, including making disparaging or unauthorized statements in the public press about our business or causing personal harm to any of our clients in the course of performing their employment, could damage our reputation and subject us to claims and loss of business. Furthermore, we depend on our employees to deliver adequate service to our clients. If they fail to do so, or if we fail to adequately train or motivate our employees to do so, this could adversely affect our ability to retain our clients or to attract new clients. We may also become subject to regulatory/ legal proceedings, which impose service quality standards on us. If we are unable to properly train, motivate or incentivize our employees, if we are unable to attract or retain skilled employees or if our employees are poorly trained or engage in any misconduct, our business, operational efficiency, results of operations and prospects may be adversely affected.

While our employees are not unionized as at the date of the Draft Red Herring Prospectus and this Second Addendum, if our employees, which comprise a substantial portion of our workforce, decide to form a union or engage in collective bargaining with us for higher salaries, benefits or other rights, our operations may be adversely affected. Further, any changes in regulation, including any changes in regulations governing salaries in India, such as any increase by the government in the national minimum wage, may require us to incur additional expenses and disrupt our operations. This may adversely affect our business, operations and financial condition.

In addition, if we are unable to increase compensation or if we reduce compensation or variable pay for our employees going forward, it may result in increased attrition and increased hiring cost to replace such employees.

10. We may become liable to our clients and lose clients if we have defects or disruptions in our service or if we provide poor service.

We deliver some of our technology as a service, and errors or defects in the software applications underlying our services, or a failure of our hosting infrastructure, may make our services unavailable to our clients. Any errors, defects, disruptions in service or other performance problems with our services, whether in connection with the day-to-day operation of our services, upgrades or otherwise, could damage our clients' businesses.

Despite the implementation of security measures, the core of our network infrastructure is vulnerable to unauthorized access, computer viruses, equipment failure and other disruptive problems, including the following:

- we and our users may experience interruptions in service as a result of the accidental or malafide actions;
- unauthorized access may jeopardize the security of confidential information stored in our computer systems and our clients' computer systems including through phishing and hacking, which may result in liability to our clients and also may deter potential clients;
- we may face liability for transmitting to third parties viruses that damage or impair their access to computer networks, programs, data or information;
- there may be a systemic failure of Internet communications, leading to claims associated with the general unavailability of some of our products; or
- eliminating computer viruses and alleviating other security or technical problems may require interruptions, delays or cessation of service to our clients.

From time to time, our clients require our support teams to assist them in using our services effectively, help them in resolving post-deployment issues quickly and in providing ongoing support. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our clients effectively in a timely manner or at all, it could adversely affect our ability to retain existing clients and could prevent prospective clients from adopting our services. If we have any errors, defects, disruptions in service or other performance problems with our services, our clients could elect not to renew our contract, or delay or withhold payments to us and we could lose future sales. Further, our clients may make claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or litigation costs. We may be unable to respond quickly enough to accommodate short-term increases in demand for client support. We also may be unable to modify the nature, scope and delivery of our client support to compete with changes in the support services provided by our competitors. Increased demand for client support, without corresponding revenue, could increase costs and adversely affect our reputation, business, results of operations and financial condition. Our sales are highly dependent on our business reputation and on positive recommendations from our clients. Any failure to maintain high-quality client support, or a market perception that we do not maintain high-quality client support, could adversely affect our reputation, business, results of operations and financial condition.

11. Any delay in the collection of our dues and receivables from our clients may have a material and adverse effect on our results of operations and cash flows.

Our business depends on our ability to successfully collect payment from our clients of the amounts they owe us for work performed. In Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, our debtor cycle based on closing balances was approximately 107 days, 120 days, 106 days, 161 days and 145 days, respectively.

The table below provides details of our trade receivables as a percentage of our revenue from operations in the corresponding periods:

Fiscal 2020		**Fiscal 2021**		**Fiscal 2022**		**Nine months ended December 31, 2021**		**Nine months ended December 31, 2022**	
Amount of Trade Receivables (₹ million)	**Percentage of revenue from operations (%)**	**Amount of Trade Receivables (₹ million)**	**Percentage of revenue from operations (%)**	**Amount of Trade Receivables (₹ million)**	**Percentage of revenue from operations (%)**	**Amount of Trade Receivables (₹ million)**	**Percentage of revenue from operations (%)**	**Amount of Trade Receivables (₹ million)**	**Percentage of revenue from operations (%)**
2,107.14	29.42%	1,977.43	32.79%	1,998.44	28.92%	2,234.16	44.08%	2,022.00	39.63%

We cannot assure you that we will be able to accurately assess the creditworthiness of our clients and will be able to collect the dues in time.

Macroeconomic conditions could also result in financial difficulties for our clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, cause us to enter into litigation for non-payment, all of which could increase our receivables. In any such case, we might experience delays in the collection of, or be unable to collect, our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience delays in billing and collection for our services, our revenue and cash flows could be adversely affected.

12. Our business depends on a strong brand, and failing to maintain and enhance our brand would impact our ability to expand our business.

We have recently changed the name of our Company from NSDL e-Governance Infrastructure Limited to Protean eGov Technologies Limited. Accordingly, our business and prospects are dependent on our ability to develop, maintain and strengthen the "*Protean*" brand. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to offer our e-governance and other solutions. To promote our brand, we may be required to change our branding practices, which could result in substantially increased expenses, including the need to use traditional and social media. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

Our brand may be negatively impacted by a number of factors, including, among others, reputational issues and performance failures, some of which may be outside of our control. Any negative perception and publicity, whether or not justified, such as complaints in relation to quality of our services, could tarnish our reputation and reduce the value of our brand. Further, if we fail to maintain and enhance the quality of our brand, our business and operating results may be materially and adversely affected. Maintaining and enhancing our brand will depend largely on our ability to remain a technology leader and continue to provide high quality, innovative services and solutions to our clients**.**

Our revenues are also influenced by brand marketing and advertising, amongst others. With respect to the new name and "Protean" brand, our Company has taken certain steps, including, (i) publication of newspaper advertisements with respect to the change of name; (ii) disclosure of the former name of our Company along with the current name on the website of our Company and at every office or place in which our Company carries out its business in accordance with applicable law; (iii) ongoing digital and social media campaigns through various advertising agencies; (iv) obtained registration of new domain names for our website, which is yet to be activated, to ensure the distinction of our Company's name, logo and domain name from our former name i.e., 'NSDL e-Governance Infrastructure Limited'. However, if our marketing and advertising programs aimed at establishing our new brand identity, amongst others, are unsuccessful or are not effective as intended, the results of our operations could be materially and adversely affected, and such advertising program shall be required to be continued for a period which is longer than originally envisaged, incurring significant costs for our Company. In addition, increased spending by our competitors on advertising and promotional activities or an increase in the cost of advertising in the markets in which we operate, could adversely affect our results of operations and financial condition. Moreover, a material decrease in our funds earmarked for advertising or an ineffective advertising campaign relative to that of our competitors, could also adversely affect our could have a material adverse effect on or business, results of operations, financial condition and prospects.

13. Our Company is neither associated with nor related to National Securities Depository Limited. Further, the business of our Company is not similar to that of National Securities Depository Limited.

Our Company was originally incorporated as '*National Securities Depository Limited*' on December 27, 1995 as a public limited company under the Companies Act, 1956, and was granted the certificate of incorporation by the RoC. Our Company was issued a certificate for commencement of business dated February 8, 1996 by the RoC. Pursuant to the Scheme of Arrangement approved by the High Court of Judicature at Bombay *vide* its order dated November 2, 2012, the depository business comprising the depository services under the Depositories Act, stood transferred and vested in NSDL Depository Limited, an erstwhile wholly owned subsidiary of our Company, on a going concern basis. Subsequently, the name of our Company was changed from '*National Securities Depository Limited*' to '*NSDL e-Governance Infrastructure Limited*' and a fresh certificate of incorporation was issued on December 19, 2012 by the RoC. Subsequently, the name of our Company was changed from '*NSDL e-Governance Infrastructure Limited*' to '*Protean eGov Technologies Limited*' pursuant to a shareholders' resolution dated October 28, 2021, to represent the full gamut of products and service offerings of the Company in the space of information technology solutions and extension into new markets, sectors and geographies, and a fresh certificate of incorporation was granted by the RoC on December 8, 2021. The change of name is reflective of our Company's new identity, which is independent of its previous affiliations. For further information in relation to the Scheme of Arrangement and changes in the name of our Company, see "*History and Certain Corporate Matters- Scheme of Arrangement between NSDL Depository Limited and our Company*" on page 148 of the Draft Red Herring Prospectus.

National Securities Depository Limited is a depository registered with SEBI. We are not engaged in the business of providing depository services under the Depositories Act and are not a SEBI-regulated entity. While the erstwhile name of our Company and certain intellectual property include "NSDL", we are neither associated with nor related to National Securities Depository Limited. Our business differs almost entirely from that of National Securities Depository Limited. In order to ensure complete disassociation from the "NSDL" brand, our Company has adopted a new logo protean Change is growth and transferred, conveyed and assigned the trademarks NSDL Technology, Trust & Reach and registered under classes 35 and 16, respectively ("**Trademarks**"), and assigned the domain names 'nsdl.com' and 'nsdl.co.in', to National Securities Depository Limited. In turn, our Company has been granted a license to use the Trademarks and the retained domain names for the limited purposes specified in the respective agreements, to ensure smooth transition and minimal disruption in the routine business activities.

Further, with respect to our new name and "Protean" logo protean Change is growth, our Company has taken certain steps, to comply with applicable provisions of the Companies Act, including (i) publication of newspaper advertisements with respect to the change of name; (ii) disclosure of the former name of our Company along with the current name on the website of our Company and at every office or place in which our Company carries out its business in accordance with applicable law; and (iii) ongoing digital and social media campaigns through various advertising agencies; (iv) registration of new domain names for our website, which is live and is activated, to ensure alignment with the new brand identity and distinction of our Company's name, logo and domain name from our former name *i.e.*, 'NSDL e-Governance Infrastructure Limited'.

If the aforementioned steps taken by us towards ensuring such segregation or if our marketing and advertising programs aimed at establishing our new brand identity, amongst others, are unsuccessful or are not effective as intended, the public and third parties may associate us or our business with that of National Securities Depository Limited. Any adverse developments or negative publicity in relation to National Securities Depository Limited could accordingly impact our reputation and image which in turn could have an adverse impact on our business, financial condition and results of our operation.

14. We may not meet the selection criteria set for high value contracts by the Government.

Selection as service provider for large government projects is undertaken through a tender process, and many of the bids in which we participate are subject to the satisfaction of certain eligibility conditions and performance standards. These include reputation, experience and sufficiency of financial resources. While we have satisfied pre-qualification criteria to bid for such projects in the past, there can be no assurance that we will be able to meet such criteria to bid for these and other similar projects in the future. We spend considerable time and resources in the preparation and submission of bids, and there can be no assurance that we will be awarded such contracts.

In addition, selection as service provider for these projects is undertaken through a tender process, and many of the bids in which we participate are subject to the satisfaction of certain eligibility conditions and performance standards. These include reputation, experience and sufficiency of financial resources, and quality accreditations and certifications associated with the services. While in Fiscal 2021 and in the nine months ended December 31, 2022, we bid for eight and 15 tenders, respectively, however, we were not awarded any contracts. While we have satisfied pre-qualification criteria to bid for such projects in the past, there can be no assurance that we will be able to meet such criteria to bid for these and other similar projects in the future.

In addition, government conducted tender processes may be subject to change in qualification criteria, unexpected delays and uncertainties. In the event that new projects which have been announced and which we intend to bid for are not put up for bidding within the announced timeframe, or qualification criteria are modified such that we are unable to qualify, our business, prospects, financial condition, cash flows and results of operations could be materially and adversely affected. Our ongoing projects have been awarded to us for a definite term and the relevant authorities may float tenders for such projects after expiry of the current term. There can be no assurance that we will be awarded such projects at the end of the tender process. Further, in situations where our bids have been successful, there may be delays in award of the projects, which may result in us having to retain resources which remain unallocated, thereby adversely affecting our financial condition and results of operations.

15. We do not have a diverse base of clients from whom we are awarded contracts and the loss of any client could have an adverse impact on our business, financial condition, results of operations and cash flows.

We derive a significant portion of our revenues from limited number of clients. As of December 31, 2022, our primary engagement was with seven ministries of the Government of India across sectors such as finance, education, information technology, communications and broadcasting.

While we continue to source other clients and enter into other contracts, there can be no assurance that we will be able to entirely substitute the revenue generated from projects awarded from such clients in the event they do not renew their arrangements with us. Our clients may not renew their arrangements or may not continue to award contracts to us on a nomination basis, due to changes in government policy or budgetary allocation. A change in government policy or budgetary allocation may also affect the ability of these clients to perform their obligations under the contracts entered into with us. These and any other events that have an adverse impact on the operations or financial condition of these clients which would have a direct adverse impact on our revenues and results of operation.

16. ***We are engaged in conceptualizing, developing and executing nationally critical large scale greenfield technology projects and any inability to undertake these projects or satisfactorily deliver such projects could have an adverse impact on our business, financial condition, results of operations and cash flows. In addition, given the nature of such projects, we are required to collect and store sensitive personal data which could result in increased scrutiny from regulatory bodies and the government.***

We are one of the key IT enabled solution companies in India engaged in conceptualizing, developing and executing nationally critical and population scale greenfield technology solutions. Our ability to execute such products is dependent on a variety of factors including our ability to adapt to rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet client needs. In addition, the complexity of these solutions, our inexperience in developing or implementing them and significant competition in the markets for these solutions may affect our ability to market these solutions successfully. In addition, the development of some of the services and technologies may involve significant upfront investments and the failure of these services and technologies may result in our inability to recoup some or all of these investments. Further, competitive pricing, additional services or newer technologies that may be developed by our competitors may render our services non-competitive or obsolete. All of these factors could impact our ability to develop and execute such large scale projects which could have an adverse impact on our business, financial condition, results of operations and cash flows.

Further, given the nature of the projects that we execute, we are required to manage, utilize, collect and store sensitive data which could subject us to increased scrutiny from regulatory bodies and the government. For further information, see " *– 2. Our reputation could be at risk and we may be liable to our clients or to regulators for damages caused by inadvertent disclosure of confidential information and sensitive data.*" on page 2 of this Second Addendum.

17. ***We may not be able to identify, monitor and manage risks or effectively implement our risk management policies.***

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted significant resources to develop and implement our risk management policies and procedures and intend to continue doing so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our resource planning and asset management policy, credit policy, whistle blower and vigilance mechanism, fair practices code, grievance redressal policy, internal guidelines on corporate governance, fraud prevention policy, investment policy, risk management policy, and anti-money laundering policy.

Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management processes may not be automated and subject to human error. Some of our methods of managing risks are based on the use of observed historical market behavior and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Management of operational, legal or regulatory risks requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

18. ***If we are unable to protect our intellectual property and proprietary information, or if we infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected.***

As on the date of this Second Addendum, we have 18 registered trademarks under different trademark classes, including registrations in respect of Vidyasaarthi and Vidya Lakshmi. This also includes our corporate logo " protean Change *is* growth ". Our Company and NSDL have entered into a trademark assignment agreement dated October 12, 2022, which is valid for a period of three years from October 12, 2022, pursuant to which NSDL has granted to our Company, irrevocable non-transferable license to use, the trademarks NSDL and ("**Trademarks**") registered under classes 35 and 16, respectively, for, *inter alia*, (i) indicating the Company's former name, i.e., "NSDL e-Governance Infrastructure Limited"; (ii) providing information about the Company's corporate history, background and experience to governmental authorities, regulators and third parties (iii) marketing and branding campaigns and other activities conducted for the purposes of (i) and (ii); (iv) the purposes of operating the retained domain names; (v) other denominative purposes related to the above; and (vi) sublicensing the Trademarks to our Subsidiaries for residual purposes. For further information, see "*Our Business – Intellectual Property*" on page 76 of this Second Addendum. However, our pending trademark applications may be subject to governmental or third-party objection, which could prevent the maintenance or issuance of the same. We may not always be able to safeguard the same from infringement or passing off, both domestically and internationally, and may not be able to respond to infringement or passing off activity occurring without our knowledge. Our ability to compete effectively depends in part on our ability to protect our rights in intellectual property and our efforts to protect our intellectual property (including our reliance on trade secret laws) may not be adequate. Litigation may be necessary to protect and enforce our intellectual property rights, or to defend ourselves against claims by third parties that our business operations or use of our intellectual property infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. Unauthorized parties may infringe upon or misappropriate our trademarks or proprietary information. We may also be unable to renew registration of our domain names, and other parties could create an alternative domain name resembling ours that could be passed off as our domain name. A successful claim of trademark, copyright or other intellectual property infringement against us could prevent us from providing our service, which could harm our business, financial condition or results of operations.

We may not be aware of all intellectual property rights that our services or the products used to transmit or receive our services may potentially infringe. Certain of the services, products and technology provided to us by our third-party suppliers may utilize intellectual property belonging to other third-parties. We cannot assure you that our suppliers will not infringe on the intellectual property of third-parties by supplying us with their services, products or technology, or that our use of such services, products or technology from our suppliers will not cause us to infringe on the intellectual property rights of third-parties. Therefore, there can be no assurance that our services or the products used to transmit or receive our services will not infringe on intellectual property owned by third-parties. Further, third-parties, including our competitors, have or may in the future acquire intellectual property rights that cover or include those which we already use for our services and in the course of our business. To the extent that we are required to pay royalties to third-parties to whom we are not currently making payments, these increased costs of doing business could materially and adversely affect our operating results. Further, there can be no assurance that we or our suppliers would be able to obtain licenses from third-party owners of such intellectual property rights on commercially favorable terms or at all, and if we were unable to obtain such licenses, that we or our suppliers would be able to redesign our services or the products used to transmit or receive our services to avoid infringement. Any court-imposed penalties relating to violations of third-party intellectual property rights could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be aware of all intellectual property rights that our services or the products used to transmit or receive our services may potentially infringe. Certain of the services, products and technology provided to us by our third-party suppliers may utilize intellectual property belonging to other third-parties. We cannot assure you that our suppliers will not infringe on the intellectual property of third-parties by supplying us with their services, products or technology, or that our use of such services, products or technology from our suppliers will not cause us to infringe on the intellectual property rights of third-parties. Therefore, there can be no assurance that our services or the products used to transmit or receive our services will not infringe on intellectual property owned by third-parties. Further, third-parties, including our competitors, have or may in the future acquire intellectual property rights that cover or include those which we already use for our services and in the course of our business. To the extent that we are required to pay royalties to third-parties to whom we are not currently making payments, these increased costs of doing business could materially and adversely affect our operating results. Further, there can be no assurance that we or our suppliers would be able to obtain licenses from third-party owners of such intellectual property rights on commercially favorable terms or at all, and if we were unable to obtain such licenses, that we or our suppliers would be able to redesign our services or the products used to transmit or receive our services to avoid infringement. Any court-imposed penalties relating to violations of third-party intellectual property rights could have a material and adverse effect on our business, financial condition, results of operations and prospects.

19. ***We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business, and any delay or inability in obtaining, renewing or maintaining such permits, licenses and approvals could result in an adverse effect on our results of operations.***

Our operations are subject to extensive government regulations and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in the geographies in which we operate, generally for carrying out our business. For details of approvals relating to our business and operations, see "*Government and Other Approvals*" on page 294 of the Draft Red Herring Prospectus. Several of these approvals are granted for a limited duration. If we fail to obtain or renew such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition could be adversely affected.

The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business. In addition, these registrations, approvals or licenses are liable to be cancelled or the services may be restricted. In case any of these registrations, approvals or licenses are cancelled, or its use is restricted, then it could adversely affect our results of operations or growth prospects.

20. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into transactions with certain related parties, including certain current and former Directors and Key Managerial Personnel of our Company. In particular, we have entered into various transactions with such parties in relation to, amongst others, remuneration, professional fees, advances provided, and reimbursement of expenses. While we believe that all such transactions have been conducted on an arm's length basis and in compliance with the provisions of the Companies Act and the rules made thereunder, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest.

While we shall endeavour to conduct all related party transactions post listing of the Equity Shares subject to the Board's or Shareholders' approval, as applicable, and in compliance with the applicable accounting standards, provisions of Companies Act, the SEBI Listing Regulations and other applicable law, such related party transactions may potentially involve conflicts of interest. We will endeavour to duly address such conflicts of interest as and when they may arise. We cannot assure you that these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects or may potentially involve any conflict of interest.

The table below provides details of our related party transactions as a percentage of our revenue from operations in the corresponding periods:

Fiscal 2020		Fiscal 2021		Fiscal 2022		Nine months ended December 31, 2021		Nine months ended December 31, 2022	
Aggregate amount of Related Party Transaction (₹ million)	**Aggregate value of such Related Party Transactions as a Percentage of revenue from operations (%)**	**Aggregate amount of Related Party Transaction (₹ million)**	**Aggregate value of such Related Party Transactions as a Percentage of revenue from operations (%)**	**Aggregate amount of Related Party Transaction (₹ million)**	**Aggregate value of such Related Party Transactions as a Percentage of revenue from operations (%)**	**Aggregate amount of Related Party Transaction (₹ million)**	**Aggregate value of such Related Party Transactions as a Percentage of revenue from operations (%)**	**Aggregate amount of Related Party Transaction (₹ million)**	**Aggregate value of such Related Party Transactions as a Percentage of revenue from operations (%)**
234.01	3.27%	1,144.95	18.98%	300.89	4.35%	262.84	5.19%	203.75	3.99%

We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

21. ***We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.***

In order to maintain operational efficiencies, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. As of December 31, 2022, we engaged more than 365 contract employees for various functions. Although we do not engage these labourers directly, we may be held responsible for any wage payments in terms of the applicable laws and the Code on Wages, 2019, to be made to such labourers in the event of default by such independent contractor, as the case may be. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition.

22. ***The account aggregation business of our Subsidiary, NSDL e-Governance Account Aggregator Limited, may not be viable as there is currently no certainty of revenue from account aggregation operations.***

Account aggregation is an initiative of the Government of India under the aegis of RBI to facilitate aggregation of customers' assets and deliver reporting services that can help spread financial services. However, apart from RBI, other regulators have not issued directions or guidelines to financial institutions and financial information providers that hold the asset of the investors for them to provide information to account aggregators when it is asked for on behalf of an investor. There is no certainty on when such directions will be issued by regulators such as SEBI and IRDAI. Further, account aggregators are restricted from reading any data or financial information fetched from financial information providers. Accordingly, there would be no value-add services such as aggregation and analysis by account aggregators, which may affect their ability to generate revenue.

Our Subsidiary, NSDL e-Governance Account Aggregator Limited, has received the certificate of registration dated January 9, 2023 from the RBI to commence/ carry on the business of non- banking financial institution without accepting public deposits. It may be subject to inspections by RBI at intervals it deems fit and there can be no assurance that our Subsidiary will be able to respond to the observations made by the RBI in its inspection reports in the future to its satisfaction or that the RBI will not make an adverse remark or impose a penalty as a consequence of such inspections. Any adverse observations or remarks from the RBI and resulting penalties could have an adverse impact on the operations of our Subsidiary which in turn may have an adverse impact on our reputation, business, financial condition and results operations.

23. Our insurance coverage could prove inadequate to satisfy potential claims or protect us from potential operational hazards and losses which may have a material adverse effect on our financial condition, results of operations and cash flows.

We have a group term life insurance plan, group personal accident policy and group medi-claim insurance policy for our employees, which covers an employee and their nominee/legal heir in the event of death, permanent total disablement, and temporary total disablement Further, we have obtained a directors and officers' liability insurance policy for our senior management personnel. In addition, we obtain cyber liability insurance policy and package insurance policy for our Company and also professional indemnity insurance policies for the projects that we undertake. Our package insurance policy covers standard fire and special perils, burglary risk, machinery breakdown, electronic equipment, portable equipment risk and public liability insurance. Our insurance cover for property, plant and equipment as of March 31, 2022 was ₹ 1,470.61 million, while our net carrying value of property, plant and equipment was ₹ 506.85 million as of March 31, 2022. Consequently, our insurance cover as a percentage of net carrying value of property, plant and equipment was 290.15% as of March 31, 2022. For further information, see "*Our Business – Insurance*" on page 75 of this Second Addendum. However, there can be no assurance that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. In cases where certain loss or damages are not covered under our insurance policies, or even if such losses are insured, we are required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss or the premium charged is significantly increased, our results of operations and cash flows could be adversely affected. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition, results of operations and cash flows.

24. Our data centers could be harmed by prolonged power outages or shortages, increased costs of energy or general lack of availability of electrical resources.

As of December 31, 2022, we operated one data center in India. Our data center is susceptible to regional costs of power, power shortages, planned or unplanned power outages and limitations on the availability of adequate power resources. Power outages, including, but not limited to those relating to large storms, earthquakes, fires and tsunamis, could harm our clients and our business. We attempt to limit our exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place. As a result, in the event of a power outage, we may be dependent upon the utility company, to restore the power. Any disruption in the operation of our data centres could impact our business operations and negatively impact our financial performance, operating results and cash flows.

25. Certain of our branch offices are located on premises that are leased from third-parties pursuant to lease agreements, which we may be unable to renew on satisfactory terms or at all.

Our Company operates certain branch offices that are located on premises that are leased from third parties. There can be no assurance that we will be able to retain or renew such lease on same or similar terms, or that we will find alternate locations for the existing offices on terms favorable to us, or at all.

The table below provides our rent expenses as a percentage of our revenue from operations in the corresponding periods:

Fiscal 2020		Fiscal 2021		Fiscal 2022		Nine months ended December 31, 2021		Nine months ended December 31, 2022	
Rent amount (₹ million)	Percentage of revenue from operations (%)	Rent amount (₹ million)	Percentage of revenue from operations (%)	Rent amount (₹ million)	Percentage of revenue from operations (%)	Rent amount (₹ million)	Percentage of revenue from operations (%)	Rent amount (₹ million)	Percentage of revenue from operations (%)
11.21	0.16%	4.11	0.07%	2.27	0.03%	8.41	0.17%	3.45	0.07%

Our rent and hire charges, including as a percentage of our revenue from operations, may increase in the future as we seek to expand our operations and due to contractual escalation of rents payable in accordance with the lease agreements entered into by us.

Some of our lease agreements are for short-term periods, including certain lease agreements which are for a period of up to 12 months, and therefore need to be renewed regularly. Some of these leases are renewable with the mutual agreement of our landlords, who may choose not to renew our lease on terms which are equally favorable to use or at all. Our operations, development and maintenance of our network, delivery of our services to our clients and the growth of our business depend on our ability to secure leases over such property. The third-party owners of such property may not agree to lease such property to us or to renew our leases on commercially acceptable terms or at all, or may decide to lease such property to our competitors instead of us, which may put us at a strategic disadvantage or adversely affect our business and operations. Further, if the third-party owners of the property we lease fail to comply with laws and regulations applicable to the property we lease, such property may become subject to legal proceedings or legal action, which may adversely impact our use of such property and may disrupt our operations. If we are unable to renew or secure rights to use property necessary for our operations, our business, results of operations and financial condition may be adversely affected.

26. ***Compliance with know your customer ("KYC") regulations and data privacy norms may require us to incur expenditure, which may adversely impact our financial condition and cash flows.***

Regulators are introducing stringent KYC guidelines, including biometric verification and quality of KYC documents. We are required to comply with KYC requirements and processes in relation to our clients as per applicable Indian law. If we are unable to develop, maintain and update client information in accordance with applicable KYC norms or are unable to prevent the misuse of our services, we may be held liable for non-compliance with governmental regulations. In a recent judgment, the Supreme Court upheld the constitutional validity of 'Aadhaar' and has simultaneously restricted its use by private entities for verification of the identity of the mobile phone users and limited the use of Aadhaar for social welfare schemes of GoI. Telecom service operators had built their electronic KYC authentication systems around the biometric database of Aadhaar. Restrictions on usage of Aadhaar by the Supreme Court has led to us requiring to revamp and rework the process and infrastructure for verification of clients for ensuring KYC compliance, from online verification system based on Aadhaar to the alternate modes of verification, which has had substantial cost implications on our business and operations. Alternate mode of KYC verification could be expensive, time consuming and onerous for us for the compliance with data privacy norms.

We are subject to data privacy laws, rules and regulations that regulate the use of client data. Compliance with these laws, rules and regulations may restrict our business activities, require us to incur increased expense and devote considerable time to compliance efforts. The existing and emerging data privacy regulations limit the extent to which we can use personal identifiable information and limit our ability to use third-party firms in connection with client data. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain. Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future. For example, under the Information Technology Act, 2000, as amended, we are subject to civil liability for wrongful loss or gain arising from any negligence by us in implementing and maintaining reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software. India has also implemented privacy laws, including the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, which impose limitations and restrictions on the collection, use, transfer and disclosure of sensitive personal data or information. With the anticipated introduction of the proposed Personal Data Protection Bill, 2018, we may be subject to additional compliance, which includes retaining data of clients within India when brought into effect. Changes or further restrictions in data privacy laws, rules and regulations could have a material adverse effect on our business, financial condition and results of operations. The cost and operational consequences of implementing further data protection measures could be significant and this may have a material adverse effect on our business, financial condition and results of operations.

27. ***We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition.***

As of December 31, 2022, our contingent liabilities that have not been accounted for in our financial statements, were as follows:

Particulars	**Amount (₹ million)**
Disputed demand raised by sales tax officer for MVAT and CST[(1)]	226.32
Claims against the Group not acknowledged as debts (net)[(2)]	9.90
Demand raised by Income tax officer for Assessment Year 2016-2017[(3)]	13.63
Total	249.85

Notes:
1. *Demand raised by sales tax officer for MVAT and CST payable on services provided by Group. The Group has filed an appeal before the Sales Tax Tribunal and paid a deposit of ₹ 14.20 million under protest. The amounts assessed as contingent liability do not include interest that could be claimed by the authorities. As per order of the tribunal dated January 28, 2022, it has quashed and set aside the order passed by the First Appellate Authority.*
2. *MVAT payable to seller on purchase of Times Tower premises.*
3. *Demand raised by Income tax officer is on account of disallowance of deduction claimed by our Company under Section 35AC and chapter VI-A of Income tax Act, 1961 in income tax return filed for Assessment Year 2016-17 pursuant to an order dated February 10, 2022.*

For further information on our contingent liabilities, see "*Restated Consolidated Financial Information*" on page 77 of this Second Addendum.

28. ***We have issued Equity Shares during the preceding twelve months at a price which may be below the Offer Price.***

We have issued Equity Shares in the last 12 months at a price which may be lower than the Offer Price, as set out in the table below.

Date of Allotment	**No. of Equity Shares Allotted**	**Face Value per Equity Share (₹)**	**Issue / Exercise Price per Equity Share (₹)**	**Nature of consideration**	**Reason of allotment**
February 15, 2023	20,910	10	310	Cash	Allotment pursuant to the ESOP Scheme

Date of Allotment	No. of Equity Shares Allotted	Face Value per Equity Share (₹)	Issue / Exercise Price per Equity Share (₹)	Nature of consideration	Reason of allotment
February 15, 2023	12,510	10	10	Cash	One time grant of deep discounted ESOPs pursuant to the ESOP Scheme
September 28, 2022	3,898	10	310	Cash	Allotment pursuant to the ESOP Scheme

EXTERNAL RISK FACTORS

RISKS RELATING TO INDIA

29. The successful operation of our business depends upon the performance, reliability and security of the internet infrastructure in India, which could impair our ability to effectively operate our platform or provide our services and adversely impact our business.

All of our products and services are made through our platform using the internet. Accordingly, our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in India. In addition, to perform reliably, the fixed telecommunications networks and internet infrastructure of internet service providers in India, require maintenance and periodic upgrading of the appropriate networks and infrastructure which are beyond our control. We cannot assure you that our back-up and disaster recovery measures and business continuity planning would effectively eliminate or alleviate the risks arising from such contingencies. There can be no assurance that a more technologically sophisticated and reliable fixed telecommunications network or internet infrastructure will be developed in India that will ensure our ability to deliver smooth and reliable provision of our services to our merchants and clients on our platform. Our success will depend upon third parties maintaining and improving internet infrastructure to provide a reliable network with adequate speed and data capacity and telecommunication networks with good quality of services and lower congestion.

30. If there is any change in laws or regulations, including taxation laws, or their interpretation, such changes may significantly affect our financial statements.

The regulatory and policy environment in which we operate is evolving and is subject to change. The Government of India may implement new laws or other regulations and policies that could affect the digital payment and financial service industry in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition, cash flows and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Any changes to such laws, including the instances mentioned below, may adversely affect our business, financial condition, results of operations, cash flows and prospects.

For instance, the Taxation Laws (Amendment) Ordinance, 2019 prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Further, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

31. Our ability to raise foreign capital may be constrained by Indian law.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in

India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, or at all.

In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**")**,** the foreign direct investment policy has been recently amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the GoI. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the GoI. Further, on April 22, 2020, the Ministry of Finance, GoI has also made similar amendment to the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

RISKS RELATING TO THE OFFER AND THE EQUITY SHARES

32. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. The Income Tax Act levies taxes on long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while there is no tax charged on unrealized capital gains earned up to January 31, 2018 on equity shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions.

A securities transaction tax ("**STT**") is levied both at the time of transfer and acquistion of the equity shares (unless exempted under a prescribed notification) and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognised stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Such long term capital gains exceeding ₹ 100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax exempt in such cases. Further, STT will be levied on and collected by an Indian stock exchange if the equity shares are sold on a stock exchange. With respect to capital gains arising in an off market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹ 100,000. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

Further, the Government of India has announced the union budget for the Fiscal 2024, pursuant to which the Finance Bill, 2023 ("**Finance Bill**") has introduced various amendments. We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Bill would have an adverse effect on our business, financial condition and results of operations. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

33. Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

34. U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are "passive assets," which generally means that they produce passive income or are held for the production of passive income.

There can be no assurance that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

SECTION II: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of large-scale IT infrastructure demand in India" dated December 2021 read with an addendum to the report dated April 2023 (the "**CRISIL Report**"), prepared and issued by CRISIL, appointed by us on May 12, 2021 and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at available at https://www.proteantech.in/disclosures-notice.html . The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Financial information used herein is based solely on the audited financials of the Company and other peers. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. For more information, see "**48. Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report exclusively commissioned by and paid for by us for such purpose.**" on page 41 of the Draft Red Herring Prospectus . Also see, "**Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data**" on page 12 of the Draft Red Herring Prospectus.*

Macroeconomic overview of India

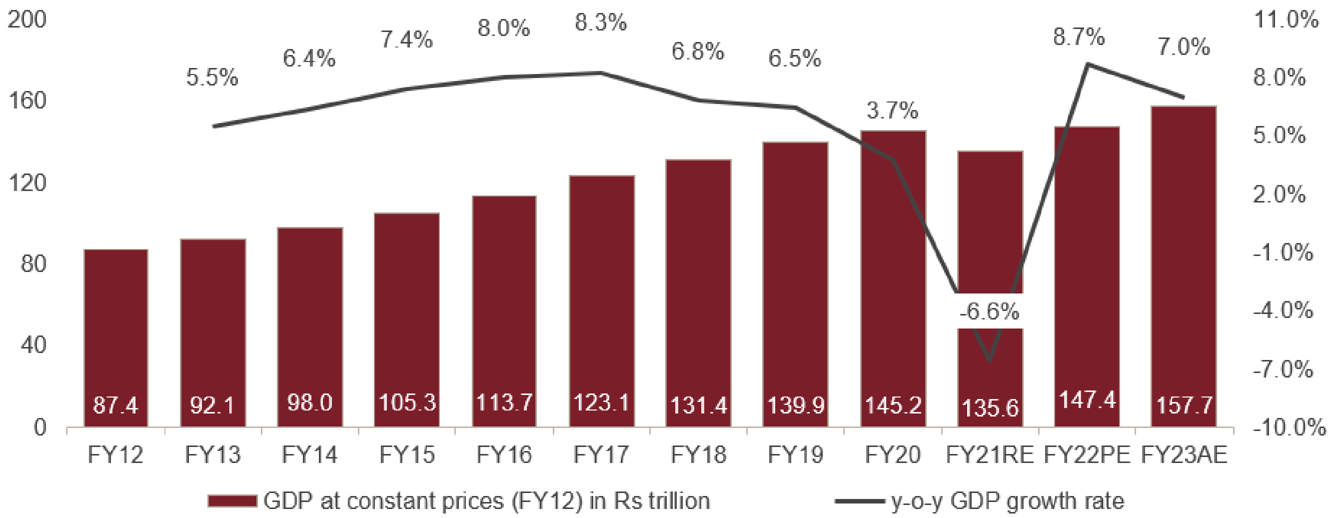
Trend in Gross Domestic Product ("GDP") growth in India

GDP grew at 5.4% CAGR from Fiscals 2012-2022

In 2015, the Ministry of Statistics and Programme Implementation ("**MoSPI**") changed the base year for calculating India's gross domestic product between Fiscals 2005 and 2012. Based on this, the country's GDP logged an 10-year compound annual growth rate ("**CAGR**") of 5.4% to ₹ 147 trillion in Fiscal 2022 from ₹ 87 trillion in Fiscal 2012.

In Fiscal 2022, the economy recovered from the pandemic-related stress, aided by the resumption of economic activities and less stringent restrictions related to COVID-19. The economy faced challenges in the last quarter of Fiscal 2022 owing to geopolitical pressures, resulting in higher inflation levels. With the resumption of economic activities and healthy trade flow, GDP growth was at a healthy 8.7%, albeit on a low base.

Real GDP growth in India (new GDP series)



PE: Provisional estimates; RE: Revised estimates; AE: Advance estimates
Source: Provisional estimates of national income 2021-22, Central Statistics Office (CSO), MoSPI, CRISIL MI&A

India's GDP grew 8.7% on-year in Fiscal 2022

As per the provisional estimates released by the National Statistical Office, India's real GDP grew 8.7% in Fiscal 2022, lower than 8.9% it had estimated in February 2022. The growth is largely a reflection of a lower base (as the economy had shrunk 6.6% in Fiscal 2021). It is noteworthy that given the large output loss in the past fiscal, GDP is 1.5% above the pre-pandemic (Fiscal 2020) level. Over Fiscals 2012-2022, GDP clocked 5.4% CAGR.

While provisional estimates show a mild reduction in the overall size of GDP for Fiscal 2021, estimates for private final consumption expenditure ("**PFCE**") and gross fixed capital formation ("**GFCF**") – the two major demand drivers – were marginally notched up. The latter suggests the government's continued focus on capital expenditure (capex). PFCE is still just 1.4% above the Fiscal 2020 level and was the slowest to recover. Moreover, it faces strong headwinds from rising inflation.

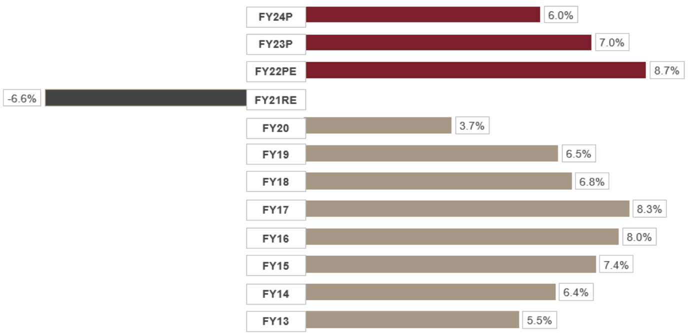
According to CRISIL, India's GDP to grow 7.0% in Fiscal 2023

While recovery continues to gather pace, the economy is facing multiple risks. Global growth is projected to slow as central banks in major economies withdraw easy monetary policies to tackle high inflation. This would imply lower demand for our exports. Together with high commodity prices, especially oil, this may deal a trade shock for the country. High commodity prices, along with depreciating rupee, indicate higher imported inflation.

The second quarter Fiscal 2023 data reflected how global slowdown had begun to spill over to the Indian economy. Long-term growth movements suggest that despite diverging now, India's growth cycles have been remarkably synchronised with that of advanced economies since the 2000s. Major developed economies are expected to fall into a shallow recession by next year. S&P Global expects the US GDP to swerve from a growth of 1.8% in 2022 to negative 0.1% in 2023, and the European Union from 3.3% to 0%. This will weaken the export prospects for India, thereby weighing on domestic industrial activity.

And while domestic demand has stayed relatively resilient so far, it would be tested next year by weakening industrial activity. It will feel the pressure from increasing transmission of interest rate hikes to consumers as well, and as the catch-up in contact-based services fades. Also, rural income prospects remain dependent on the vagaries of the weather. Therefore, increasing frequency of extreme weather events remains a key monitorable. While lowering demand for Mahatma Gandhi National Rural Employment Guarantee Act jobs is an encouraging sign for the rural economy from a job perspective, depressed wages are a matter of concern for rural demand. Because of these factors, CRISIL projects GDP growth to slow to 6% in Fiscal 2024 from 7% in Fiscal 2023, with risks to the downside.

Real GDP growth (% on-year)



Note: RE: Revised estimates, PE: Provisional estimates, P: Projected
Source: Advance Estimates of National Income, 2020-21, CSO, MoSPI, CRISIL MI&A

India regained the top spot as the world's fastest growing economy in 2021 among key nations

India was one of the fastest-growing economies in 2018 and 2019. In 2020, all countries, including developed ones such as the US and the United Kingdom (UK), except China, saw their GDP contracting due to the pandemic impact. India's GDP shrank 6.6% in fiscal 2021 (Financial Year: April-March). In 2021, GDP growth of all major economies rebounded as economic activities resumed and also due to the low base of 2020. Among the major economies, India, with a growth rate of ~8.7%, was the fastest growing in 2021, followed by China with 8.4% in 2021. India is expected to grow faster than China in 2022 and 2023. The country also overtook the UK as the fifth largest economy in the word in the April-June quarter of 2022. India's GDP is expected to grow at 6.8% in 2022 and 6.1% in 2023 as per the IMF forecast.

Real GDP growth by geographies

Regions	2017	2018	2019	2020	2021	2022P	2023P
US	2.3	2.9	2.3	-3.4	5.9	2.0	1.4
Euro area	2.6	1.8	1.6	-6.4	5.3	3.5	0.7
UK	1.2	1.3	1.4	-9.4	7.6	4.1	-0.6
China	6.9	6.8	6.0	2.2	8.4	3.0	5.2
Japan	1.7	0.6	-0.2	-4.5	2.1	1.4	1.8
India*	6.8	6.5	3.7	-6.6	8.7	6.8	6.1
World	**3.7**	**3.6**	**2.8**	**-3.0**	**6.2**	**3.4**	**2.9**

Note: P: Projection as per IMF update
**Numbers for India are for Fiscal (2020 is Fiscal 2021 and so on) and as per IMF forecast. CRISIL GDP forecast for India: Fiscal 2022: 8.7%, Fiscal 2023:*

7.3% and Fiscal 2024: 6.0%)
Source: IMF economic database, World Bank national accounts data, OECD national accounts data, CRISIL MI&A

Trend in per capita income levels

India saw robust growth in per capita income over Fiscals 2012-2022

India's per capita income, a broad indicator of living standards, rose from ₹ 63,462 in fiscal 2012 to ₹ 96,522 in Fiscal 2022, logging 5.2% CAGR. Growth was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth remained stable at approximately 1% CAGR. However, in Fiscal 2021, the indicator declined 9.7% on-year owing to the impact of COVID-19. Despite a 7.5% on-year growth seen in Fiscal 2022, in absolute terms, it is yet to recover to pre-pandemic levels.

Per-capital net national income at constant prices

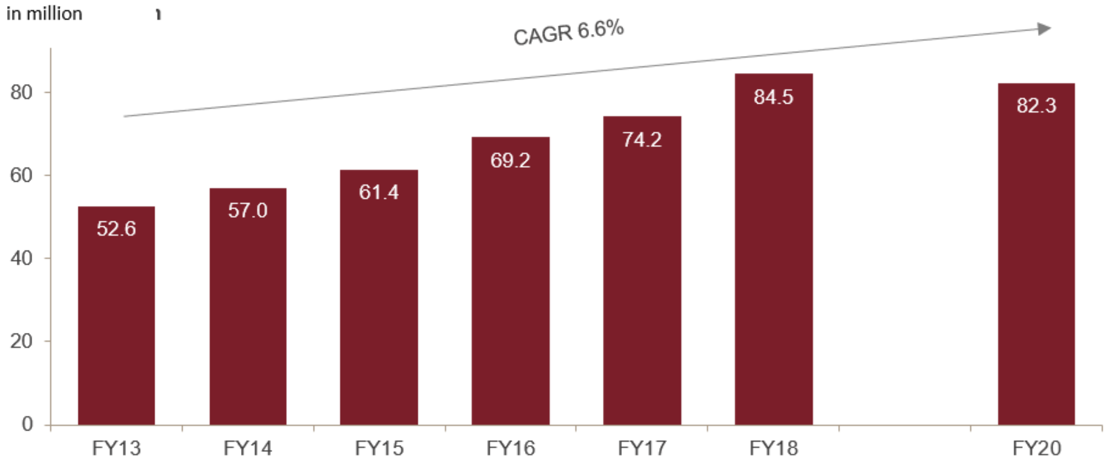
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21RE	FY22PE	FY23AE
Per-capita net national income (Rs)	63,462	65,538	68,572	72,805	77,659	83,003	87,586	92,133	94,270	85,110	91,481	96,522
On-year growth (%)		3.3	4.6	6.2	6.7	6.9	5.5	5.2	2.3	-9.7	7.5	5.5

Note: RE: Revised estimates, AE: Advance estimates
Source: Second Advance Estimates of Annual National Income, 2020-21, CSO, MoSPI, CRISIL MI&A Research

Macro-economic growth factors analysis for India

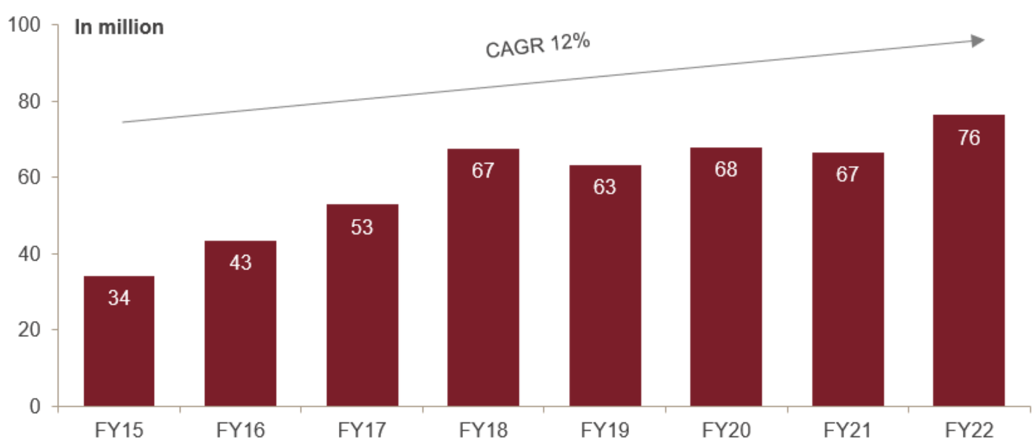
Rising taxpayer base to benefit Indian economy

Number of taxpayers in India



Note: Taxpayers data for Fiscal 2019 is not available, Fiscal 2020 data taken from a reply by honourable finance minister Smt. Nirmala Sitharaman gave in Rajya Sabha on March 15, 2022.
Source: www.incometaxindiaefiling.gov.in, CRISIL Research

Number of income tax returns filed in India

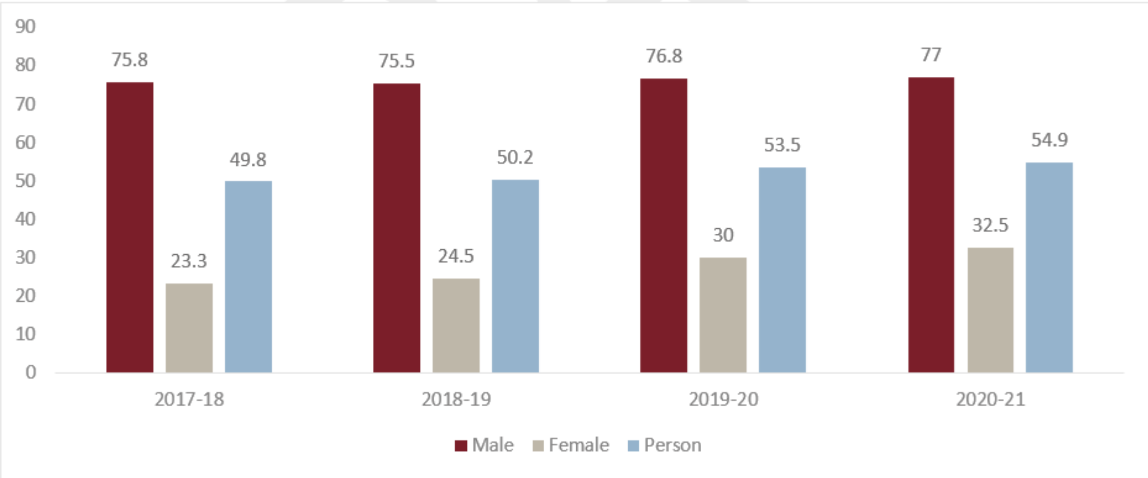


Source: www.incometaxindiaefiling.gov.in, CRISIL MI&A

Working population in India

Increasing labour force participation

Labour force participation rate



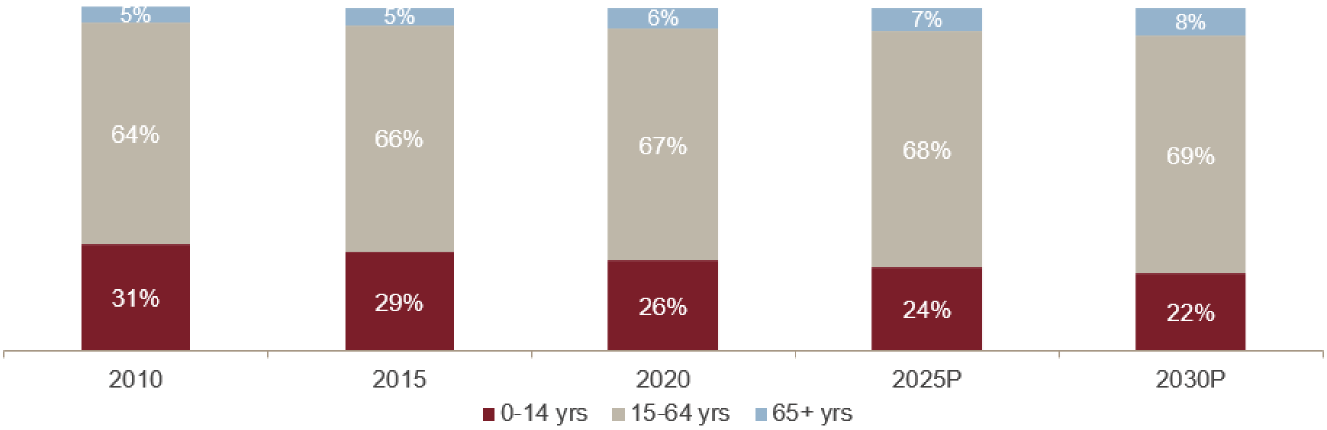
Source: The Ministry of Statistics and Programme Implementation (MoSPI), CRISIL Research

Based on the results of Periodic Labour Force Surveys ("**PLFS**"), the labour force participation increased from 2017-18 levels to 54.9% in 2020-21 the same at 49.8% in 2017-18. As per the PLFS, the size of the labour force in Fiscal 2019 was estimated at approximately 518 million persons: approximately 488 million employed and approximately 30 million unemployed. Among the total employed, approximately 250 million were self-employed, approximately 122 million were regular wage/ salaried employees and approximately 115 million casual workers.

Demographic and age group overview of the Indian population

Increasing youth population gives India a demographic advantage

India: Age-wise distribution from 2010 to 2022



Source: UN population prospects, 2022

India is one of the largest countries in the world and its population is constantly increasing. In 2020, approximately 26% of the Indian population fell into the 0–14-year category, 67.0% into the 15-64 age group and 6% were over 65 years of age. The median age of India's population has been increasing constantly after a slump in the 1970s, and is expected to increase further over the next few years. However, in international comparison, it is fairly low; in other countries the average inhabitant is about 20 years older.

The life expectancy of Indians has also increased significantly over the past decade, which is an indicator of access to better health care and nutrition.

Indian population's median age to reach 30.9 years by 2030 versus global median age of 33.0

As per the United Nations, the global median age rose to approximately 30 years in 2020 from approximately 20 years in 1970. This is lower than the median age in developed countries such as the US (37.5 years) and the UK (39.5 years). Interestingly, India's median age is 27.3 years, indicating a favourable demographic dividend. Furthermore, it is the lowest among its BRIC peers: Brazil (32.4 years), Russia (37.4 years), and China 38.6 years.

This trend is expected to continue up to 2030, implying strong potential for an increase in income, and basic and healthcare spending, with a large proportion of the population being employed.

Median age trend across key countries

Country	1970	1990	2010	2015	2020	2030P
Brazil	17.3	21.5	28.2	30.3	32.4	36.5
China	18.0	23.7	34.1	35.6	37.4	42.7
India	18.3	20.0	24.0	25.5	27.3	30.9
Russian Federation	29.7	32.2	36.9	37.6	38.6	42.1
UK	33.2	34.8	38.5	39.0	39.5	41.6
US	27.2	31.8	36.1	36.6	37.5	39.7
World	20.3	23.0	27.3	28.5	29.7	32.1

Source: United Nations, Department of Economic and Social Affairs, Population Division (2022); World Population Prospects 2022, CRISIL MI&A

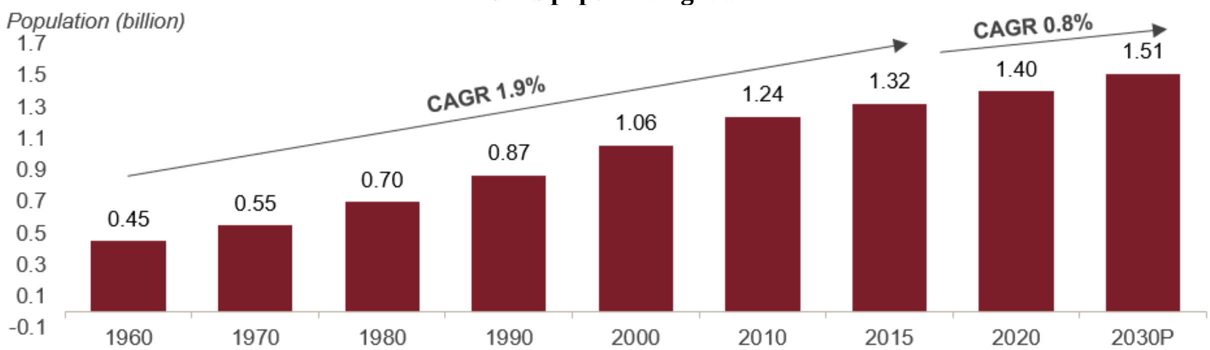
Population growth of India

India's population is projected to log 0.8% CAGR between 2020 and 2030

India's population grew to approximately 1.2 billion according to Census 2011, at a CAGR of 1.9% during 2001-2011. As of 2010 census, the country had about 246 million households.

According to the United Nation's (UN) World Urbanization Prospects, 2022 revision, India and China, two of the most populous countries, accounted for nearly 36% of the world's population in 2021. The report projects India's population to increase at a CAGR of 0.8% from 2020 to 2030 to reach 1.5 billion by 2030, making it the world's most populous country, surpassing China (for which the projected population is 1.4 billion).

India's population growth

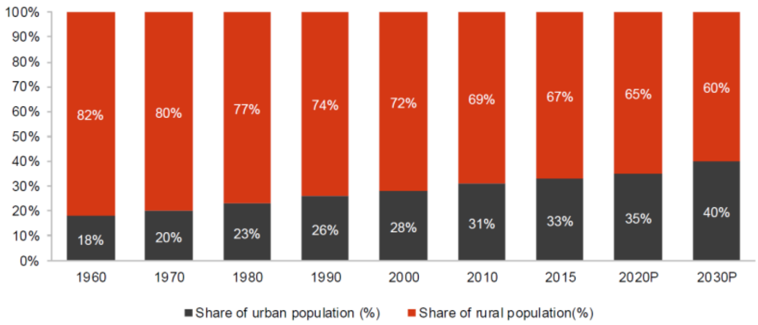


P: Projected
Source: UN Department of Economic and Social Affairs, World Population Prospects 2022, CRISIL MI&A

Urbanisation likely to reach 40% by 2030

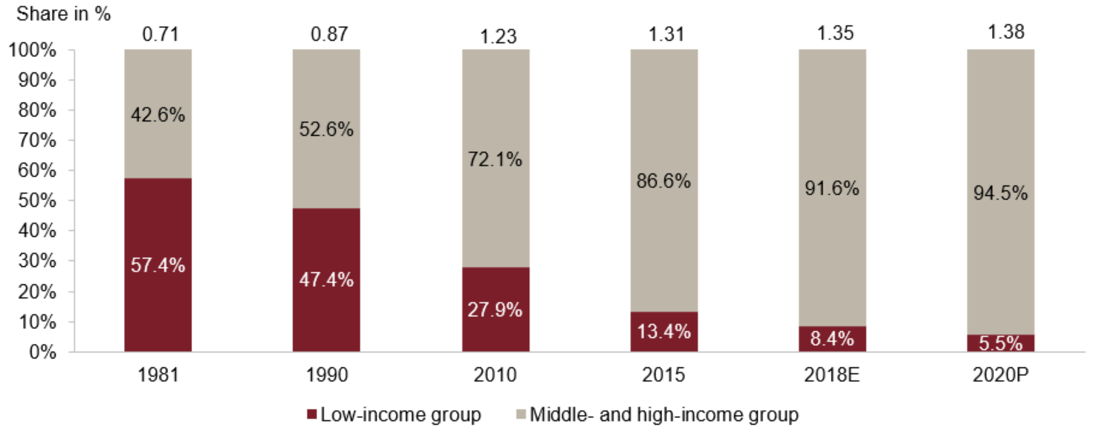
The share of urban population in India's total population has been rising over the years and printed at approximately 31% in 2010. People from rural areas move to cities for better job opportunities, education and quality of life. The entire family or only a few individuals (generally an earning member or students) may migrate, while the rest of the family continues to live in the native, rural house. This trend is expected to continue, with the United Nations report projecting that nearly 40% of the country's population will live in urban areas by 2030.

India's urban vs rural population



P: Projected
Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

Broad split of population into income groups



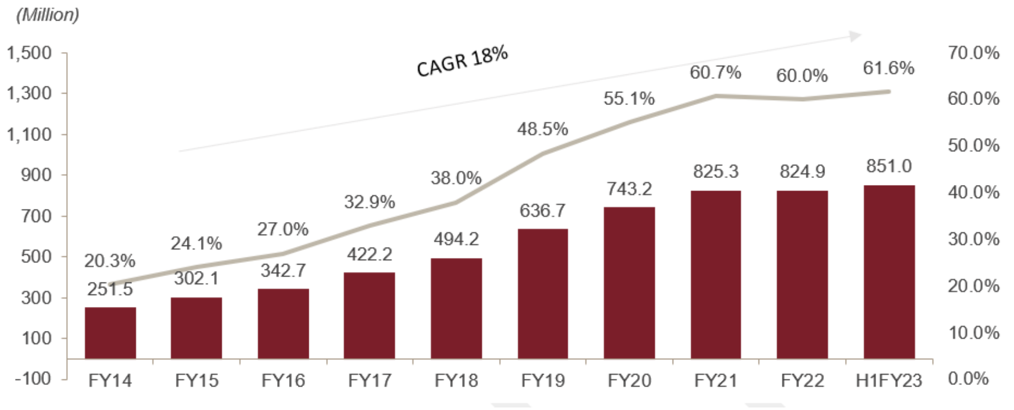
E: Estimated, P: Projected
Notes:
The values bar column indicates total population in billion for the respective years, as per UN population estimates
The World Bank defines poor as those living at or below the international poverty line of purchasing power parity of $1.90 per day. Data for 2018 is estimate, and data for 2020 is a projection and calculated using data from the World Bank (2018l)
The low-income group includes proportion of the population earning less than or equal to $1.90 per day; the middle- and high-income group includes the proportion of the population earning more than $1.90 per day
Source: World Bank, CRISIL Research

Internet penetration in India

Smartphones drive digital connectivity

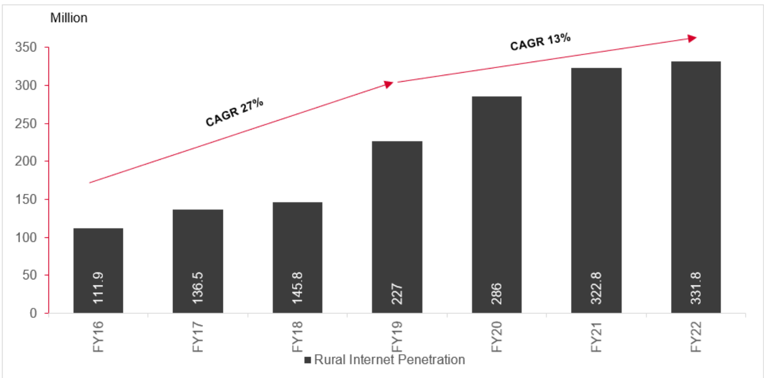
Internet and broadband penetration in India have sustained a rapid pace. India had 851.0 million internet subscribers at in the first half of Fiscal 2023, making India one of the largest market but still underpenetrated compared to the United States (90% internet penetration in 2020), China (73% internet penetration in 2021) and United Kingdom (94% internet penetration in 2020). As digital capabilities improve and connectivity becomes omnipresent, technology is poised to quickly and radically change nearly every sector of India's economy. According to the CRISIL Report, this is likely to create significant economic value.

Internet subscribers in India



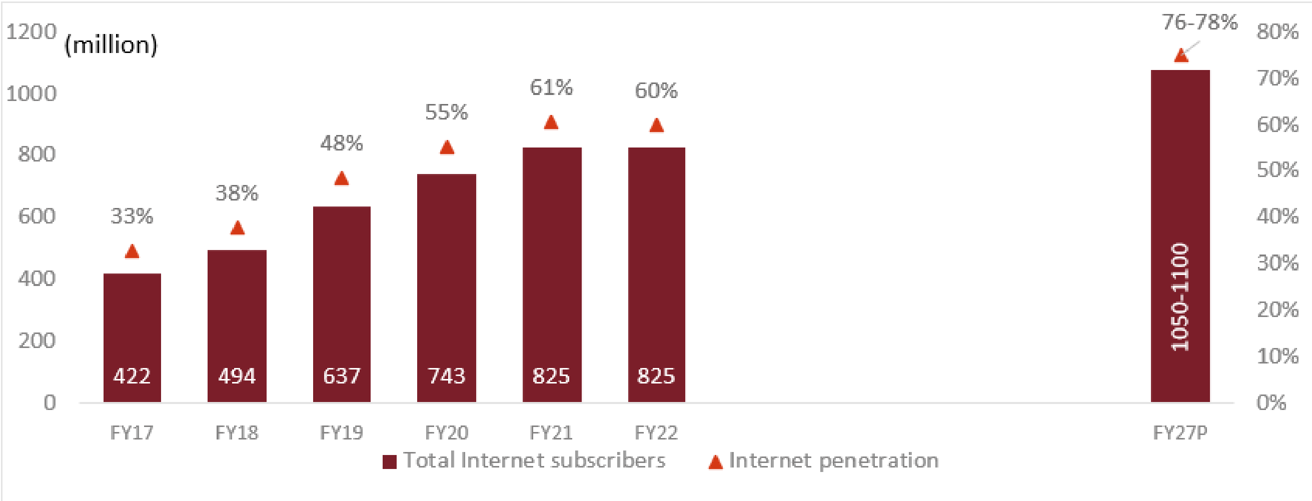
Source: Telecom Regulatory Authority of India, CRISIL Research

Internet penetration in Rural India



Source: Telecom Authority of India, CRISIL Research

Internet penetration outlook in India



Source: Telecom Authority of India, CRISIL Research

Accessibility of financial services at affordable rates is a key driver for improving financial inclusion in the country. The larger aim of financial inclusion is to provide deeper penetration of banking services across the country, at affordable terms and conditions. To this end, the Reserve Bank of India ("**RBI**") has been continuously stimulating the banking sector to extend the banking network, by setting up brick-and-mortar branches, widening the scope of business correspondents, and installing ATMs / White Label AMTs ("**WLAs**") in every tier town.

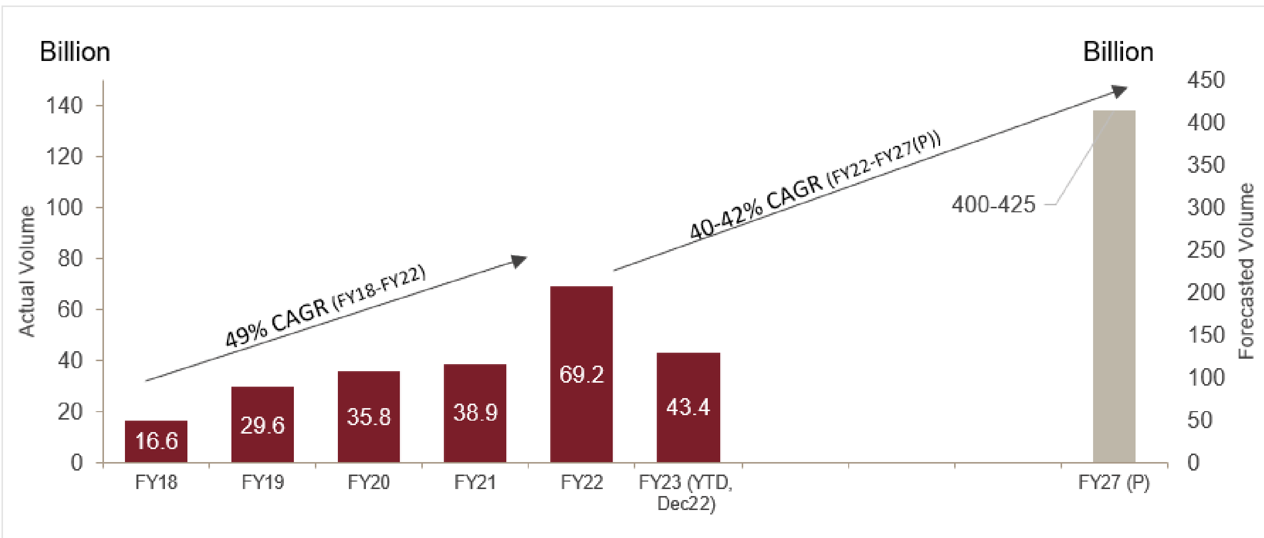
In fact, over the decade, measures such as opening of no-frills zero balance Jan Dhan accounts, Direct Benefit Transfer ("**DBT**") scheme, issuance of RuPay cards and Kisan Credit Cards, Aadhaar-enabled schemes, and Unified Payment Interface have been implemented by the government. These efforts are showing results, as can be seen by approximately 800% increase in the number of basic savings bank deposit accounts of 73.5 million in 2010 to 663 million in 2021. There has also been an increase in banking outlets in villages.

Government's outlay on promotion of digital payments

Digital payments continue to get boost in 2023

There has been a manifold increase in digital payments in the recent past. To further boost digital transactions, the finance minister in Union Budget 2023-2024 earmarked ₹ 115.4 billion to bolster the digital India initiative of which ₹ 1.5 billion are proposed to provide financial incentive to promote digital mode of payments. Further, various initiatives such as setting up of 75 digital banking units in 75 districts across the country by scheduled banks and 100% inclusion of post-offices under the core banking systems thus providing features such as net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts have been taken.

Digital payments by volume

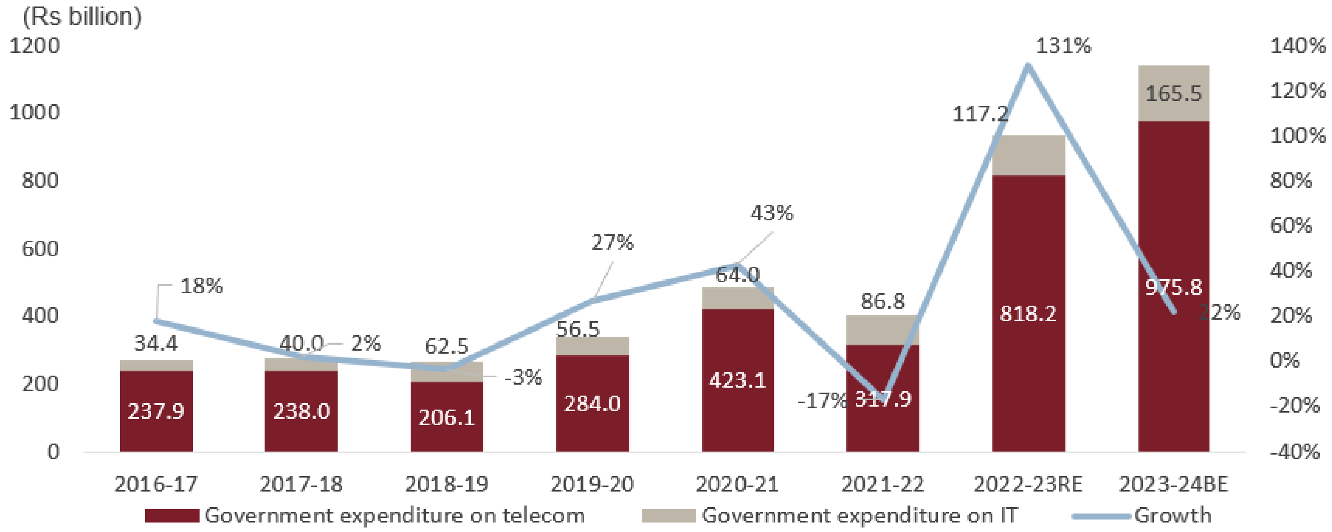


Note: Digital transactions includes RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments
P: Projections, Source: CRISIL Research

Government expenditure on IT and telecom continues to rise

Government spending on IT and telecom has increased continuously, with telecom comprising bulk of the share, at approximately 86% in Fiscal 2023.

Government expenditure on IT and telecom



BE: Budget estimate RE: Revised estimate
Source: Union Budget, CRISIL Research

As can be seen from the chart, from Fiscal 2016, the outlay has been high owing to allocation towards BharatNet (a scheme to connect all gram panchayats with broadband) and Optical Fibre Network for the Defence services.

For Budget 2023-2024, out of the total telecommunication capital spending of ₹ 616.9 billion, approximately 86% of the allocation was towards supporting public sector undertakings (PSUs; ₹ 530.9 billion). This was mainly to provide for a revival plan of Bharat Sanchar Nigam Limited.

Growth in Domestic IT and Telecom sectors led by digitalization and rural demand

Wireless and Wireline subscriber base to grow at 1% and 3% CAGR respectively between Fiscal 2021-2026

CRISIL Research estimates the number of wireless subscribers to touch approximately 1,215 million by Fiscal 2026 growing at a CAGR of 1% from Fiscal 2021-2026. This growth is mainly driven by rural areas, given their low teledensity of 60% as of March 2021. The launch of 5G services, expected in Fiscal 2023, will be a key monitorable. In case of wireline, CRISIL Research expects the number of subscribers to grow by 3% over next five Fiscals between Fiscal 2021 and Fiscal 2026. The growth can be attributed to by private players expansion of fixed broadband offsetting the decline in wireline subscribers from public sector.

*Domestic IT service and IT-enabled services ("**ITes**") sectors to grow led by digitalisation and e-governance initiatives*

Over Fiscals 2023-2027, CRISIL Research expects domestic IT services' revenue to log a compounded annual growth rate (CAGR) of 7-9%. The growth will be led by technology and platform upgradation, and e-governance initiatives of the central and state governments. Further, the government and its various agencies are expected to remain the largest contributor to domestic IT revenue. Revenue of domestic ITeS, which encompass a wide range of services that rely on information technology as means of service provisioning and internet as transport medium, are expected to grow at a compound annual growth rate (CAGR) of 6-8% between Fiscals 2023 and 2026. Growth in this segment will be driven by an increase of volumes due to digitization. On sectoral front, volumes are expected to be driven by the banking, financial services and insurance ("**BFSI**"), telecom and government segments.

Digitisation aided by technology to play pivotal role in growth of economy

Technology is expected to play an important role by progressively reducing the cost of reaching out to smaller markets. India has seen a tremendous rise in fintech adoption in the past few years and has the highest fintech adoption rate globally of 87% which is significantly higher than the global average rate of 64%. Among many initiatives by the government, the Unified Payments Interface ('**UPI**') is playing a pivotal role towards financial inclusion. It provides a single-click digital interface across all system for smartphones linked to bank accounts and facilitates easy transactions using a simple authentication method. The volume of digital transactions has also seen a surge in the past few years, driven by increased adoption of UPI. Apart from financial services industry, digitisation in other industries like retail will also play an important role in growth of economy.

Key structural reforms: Long-term positives for the Indian economy

Financial inclusion

The two key initiatives launched by the government to promote financial inclusion are the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**") and Pradhan Mantri Jeevan Jyoti Bima Yojana ("**PMJJBY**"). Under the PMJDY, the government's aim is to ensure that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJJBY is a one-year life insurance scheme that offers a life cover of ₹ 0.2 million at a premium of ₹ 330 per annum per member, which can be renewed every year. The government has also launched the Pradhan Mantri Suraksha Bima Yojana ("**PMSBY**"), which is an accident insurance policy and offers an accidental death and full disability cover of ₹ 0.2 million at a premium of ₹ 12 annually. As per the Government of India, more than 100 million people have registered for these two social security schemes.

GST implementation

Introduced on July 1, 2017, the GST is an indirect tax regime that subsumed multiple cascading taxes levied by the central and state governments. Its implementation has spawned structural changes in the supply chain and logistics network in the country.

PLI scheme to boost manufacturing in the long run

The government has budgeted approximately ₹ 2 trillion to give incentives to the locally manufacturing units to 13 key sectors. The key sectors likely to get benefit from the scheme include automobiles, pharma, telecom, electronics, food, textile, steel and energy. By incentivising production subject to achieving the desired scale, the scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors. Furthermore, the government also hopes to reduce India's dependence on raw material imports from China. The scheme is expected to provide a boost to economic growth over the medium-term and create more employment opportunities as many of these sectors are labour intensive in nature.

*Insolvency and Bankruptcy Code ("**IBC**") a key long-term structural positive*

The IBC is a reform that will structurally strengthen the identification and resolution of insolvency in India. The IBC enhances the credit enforcement structure and provides certainty around the timeframes for insolvency resolution. It attempts to simplify legal processes, preserve value for creditors and provide them with greater certainty of outcome. With this reform, the RBI has sent a strong signal to borrowers to adhere to credit discipline and also encourage banks to break resolution deadlocks by introducing definite timelines.

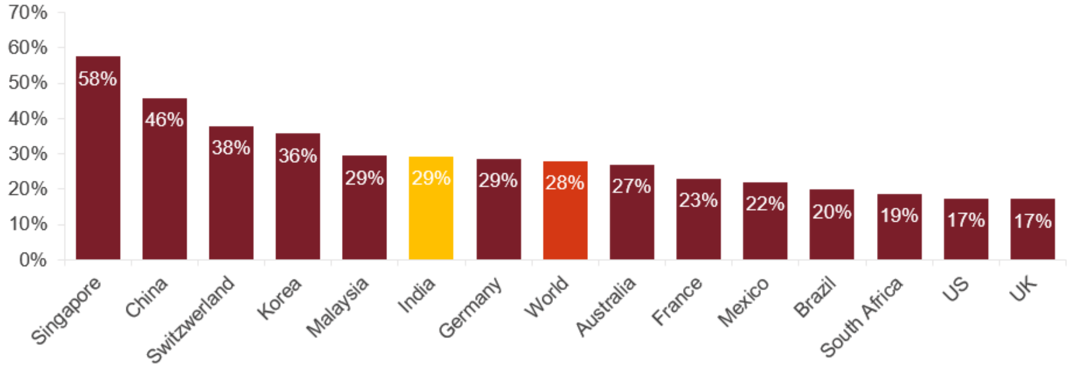
Reduction in corporate tax rates to boost capital base of financial institutions

On September 20, 2019, the Finance Minister announced Taxation Laws (Amendment) Ordinance 2019 to make certain amendments in the Income Tax Act, 1961, to allow any domestic company an option to pay income tax at the rate of 22%, subject to the condition that they will not avail of any exemption/incentive. The effective tax rate for these companies will be 25.17% inclusive of surcharge and cess. Also, such companies will not be required to pay minimum alternate tax.

Household savings to increase

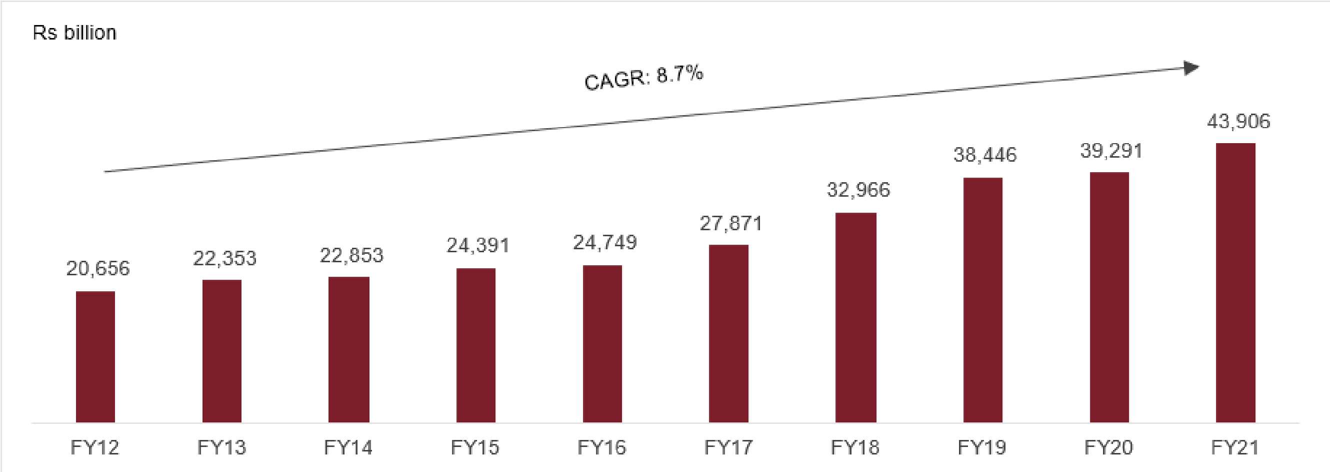
CRISIL Research expects India to continue being a high savings economy. However, household savings as a percentage of GDP has been sliding since Fiscal 2012, with its share in total savings falling significantly from 23.6% in Fiscal 2012 to 18.0% in Fiscal 2016. The household savings as a percentage of GDP rose to 22.2% in Fiscal 2021. CRISIL Research expects India to continue being a high savings economy. CRISIL Research is also sanguine on savings rate increasing in the medium-term, as households become more focused post the pandemic-induced uncertainty on creating a nest egg for the future

Gross Domestic Savings rate: India vs other countries (2021)



Source: World Bank, RBI, MOSPI, CRISIL MI&A

Household savings growth



Note: The data is for financial year ending March
Source: MOSPI, CRISIL Research

Digitisation: Catalyst for the next growth cycle

Technology is expected to play a pivotal role in taking the financial sector to the next level of growth, by helping surmount the challenges stemming from India's vast geography, which makes physical footprints in smaller locations commercially unviable. Technology is conducive for India, considering its demographic structure where the median age is less than 30 years. The young population is tech savvy and at ease with using it to conduct the entire gamut of financial transactions. With increasing smartphone penetration and faster data speeds, consumers are now encouraging digitisation as they find it more convenient. Digitisation will help improve efficiency and optimise cost. Players with better mobile and digital platforms will draw more customers and emerge as winners in the long term.

Mobile and internet penetration: Higher mobile penetration, improved connectivity and faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one.

Government initiatives that have driven digital payments in India

The payments space has seen rapid innovation in the past few years, led by government and regulatory initiatives and changing consumer preferences. JAM (Jan Dhan, Aadhaar and Mobile), demonetisation of high-value currency notes in November 2016, implementation of GST and unveiling of the Unified Payments Interface, or UPI, are some of the notable regulatory initiatives that have spurred growth in the space. The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed aims of Digital India.

India's digital revolution: Bridging the digital divide

The government launched Digital India in July 2015 to transform the country into a knowledge-based economy and digitally-empowered society. The core vision is divided into three broad components – (i) digital infrastructure as a core utility for citizens, (ii) governance and services on demand and (iii) digital empowerment of citizens. The initiative includes plans to develop better digital infrastructure in rural areas and to boost the existing digital economy. Since inception of the programme, the government has been consistently scaling the initiative, with outlay of ₹ 115.4 billion for Fiscal 2024.

Global interest in Digital India

The government has also collaborated with major global technology companies to realise its vision. Google is collaborating with the Indian Railways to set-up free Wi-Fi services at 100 major railway stations in India. Microsoft has worked with the Government of India on the Digital India initiative, with the most recent contribution being 'Digital Governance Tech Tour', a national programme that helps deliver critical Artificial Intelligence (AI) and intelligent cloud computing skills to government officials in charge of IT.

Road ahead

There is no doubt that Digital India has been a success in its first six years of its launch. However, it is imperative that an accelerated focus is placed on certain core components, such as enhancing digital literacy and accessibility, to truly realise the potential of India's digital economy. Though the government has developed state-of-the-art systems and enabling schemes, there is a need to strengthen cybersecurity frameworks and promote privacy of citizens on urgent basis. The Personal Data Protection Bill, 2022 that is under consideration by the government is a step in this direction.

Assessment of Permanent Account Number ("PAN") card issuance in India

Introduction to PAN card

Protean and UTIITSL offer PAN card-related services on behalf of ITD

The issuance of PAN, its verification, delivery and maintenance works on public-private partnership ("**PPP**") model as it is economic, efficient, and effective. Protean has established PAN service centres and Tax Information Systems ("**TIN**") facilitation centres at various places in major cities of India. Anyone wishing to obtain PAN can apply offline by submitting the application form along with the related documents and prescribed fees at the PAN application centre. One can also apply for PAN online on the website of Protean.

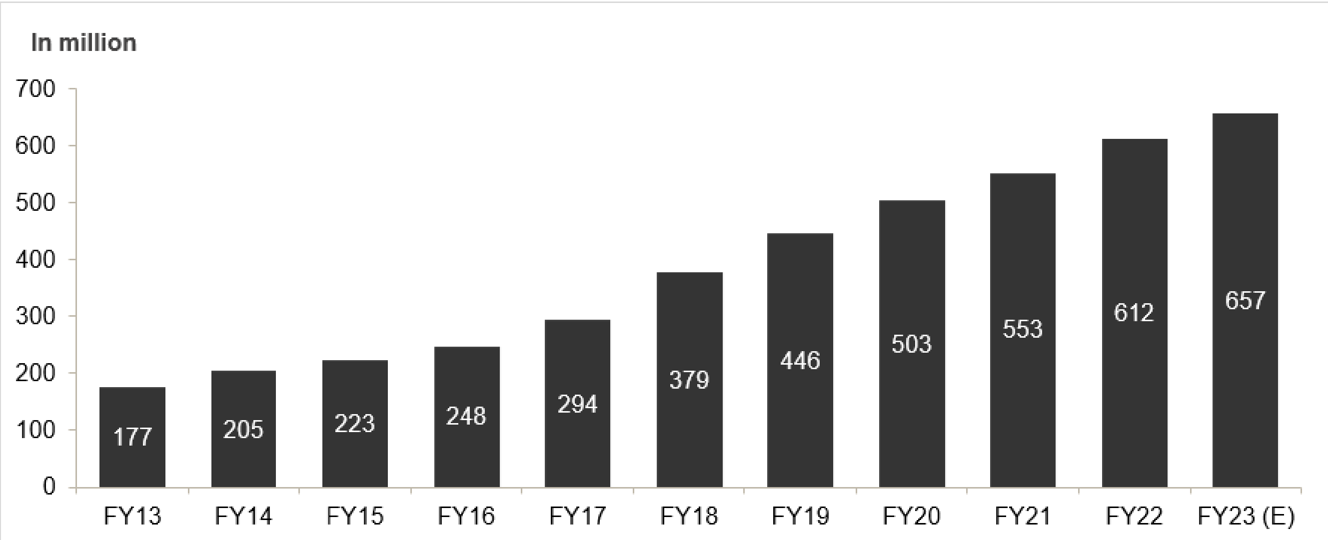
PAN card allotment in India

Total PAN card allotment has gone up 3 times in the last eight Fiscals

PAN card is mandatory to file tax returns in India. A PAN card is issued to all those people/entities who form the taxpayer base. A taxpayer is an individual or corporation who pay taxes annually on earnings as per the provisions of the Income Tax Act. The Act applies different tax rates depending on the category of taxpayers. It categorises taxpayers as individuals, Hindu undivided family ("**HUF**"), association of persons ("**AOP**"), body of individuals ("**BOI**"), firms, companies, government, local authorities, AOP (trust), and artificial juridical person ("**AJP**"). Till date, over 97% of the total allotments have been made to individuals.

Increase in the number of PAN allotments is a reflection of the efforts made by the government to widen the taxpayer base. Increasing emphasis on financial inclusion in the country, widening the usage of PAN cards, expanding the formal economy and overall GDP growth in the nation have led to expansion of the taxpayer base, which, in turn, has increased the number of PAN card allotments in the last decade.

Total allotment of PAN cards in India (in million)



Note: Fiscal 2023 data is available until December 2022.
Source: Company documents, CRISIL Research

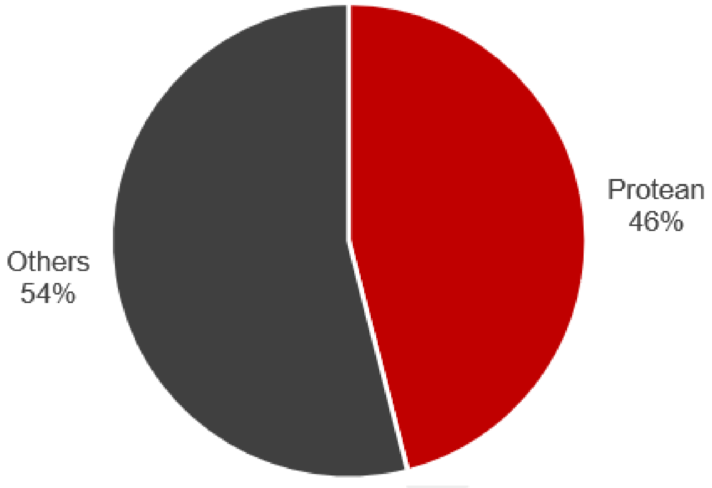
With over 2.2 million PAN Applications per month in the nine months ended December 31, 2022, Protean holds ~45% market share in PAN allotment

Protean eGov Technologies Limited is a leading PAN service provider in India and had market share of approximately 44.9% in the new PAN card allotments in Fiscal 2023 (in the nine months ended December 31, 2022). The company processes PAN applications on behalf of the Income Tax Department, Government of India. On an average, in the nine months ended December 31, 2022, Protean managed 101,000 PAN applications per day and over 2 million applications per month, which includes new PAN card issuance and PAN card update application. Protean has also incubated and pioneered Aadhaar e-KYC based paperless PAN application facility with issuance of PAN within two hours.

A new facility was introduced in Budget 2020 where individuals can get instant PAN through their Aadhaar without having to submit a detailed application form. The facility was introduced to ease the PAN allotment process for individuals. On applying for instant PAN through Income Tax India website, the instant PAN is issued in PDF format with no additional charges. This facility has been developed based on experience from Aadhaar e-KYC based facility developed by Protean eGov Technologies Limited and is made available as a free service on e-filing portal of ITD. As the process to get instant PAN is easier and consumes much lesser time than traditional PAN card application processes and is free of cost, the application process for instant PAN is gaining popularity. However, in such cases, PAN applicants use facility made available by Protean for requesting printed physical PAN Card, as same is not available in instant PAN facility.

Protean eGov Technologies Limited holds more than half of the market share in PAN card allotments

Market share in PAN card allotment from introduction From Fiscal 2021 until December 31, 2022

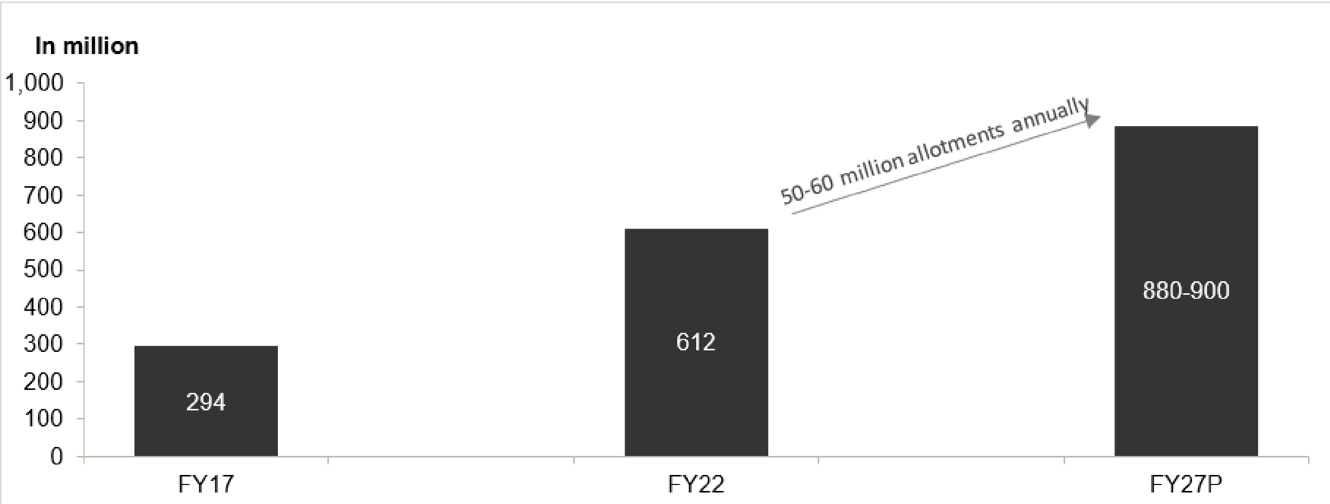


Source: Company documents, CRISIL Research

On average, 50-60 million PAN cards expected to be allotted annually till Fiscal 2027

PAN card allotment is expected to be driven by expansion in taxpayer base, growth in financial inclusion, thereby mandating the usage of PAN cards, working age population, GDP growth, and increasing contribution of the formal economy. Considering the past growth trend in the number of allotments and the demographic and economic scenario of India, total PAN card allotment is expected reach 880-900 million by Fiscal 2027.

Expected total number of PAN card allotments



Source: CRISIL Research

Growth drivers for PAN card issuance

Further growth in financial inclusion schemes would augment PAN card issuance

Financial inclusion refers to a method in which every individual in the society is provided with banking and financial solutions and services irrespective of their earnings. With an aim to provide banking services for the unbanked population in the country, the Government of India started the National Mission for Financial Inclusion ("**NMFI**"), namely Pradhan Mantri Jan Dhan Yojana ("**PMJDY**"), in 2014. In order to implement this scheme, a digital pipeline has been set up linking the Jan-Dhan account with the Aadhaar card of the account holder. Under PMJDY, a basic savings bank deposit account can be opened at any branch or business correspondent outlet by persons not having any other account.

In addition to this, the RBI along with National Bank for Agriculture and Rural Development ("**NABARD**") has undertaken several steps such as issue of Kisan Credit Cards, improving the banking network in remote areas, increasing the number of ATMs, linkage of self-help groups with banks, amongst others. Apart from those mentioned above, the Government of India has also introduced other schemes to promote financial inclusion.

	March 18	March 19	March 20	March 21
No. of PMJDY accounts (Cr.)	31.44	35.27	38.33	42.20
Deposits in PMJDY accounts (Cr.)	78,494	96,107	1,18,434	1,45,551
No. of RUPAY cards to PMJDY accounts (Cr.)	23.65	27.91	29.30	30.90

Wider taxpayer base would propel growth in PAN card applications and services: PAN has been made mandatory for every individual to transact with the ITD of India. The taxpayer base in India, has seen a continuous rise over the years. It has grown at a CAGR of 7.33% from Fiscal 2013 to reach 81.3 million in Fiscal 2018. Of the total taxpayers, individuals account for a significant share of 95%. This growth can be attributed to initiatives taken by Government of India such as demonetisation implemented in November, 2016 which has brought in new tax payers into the system leading to increase in number of tax payments.

In addition to this, implementation of Goods and Service Tax ("**GST**") which has led to the increase in compliance and also reduced the rate at which tax has to be paid bolstered the growth in number of tax payers. Other than above mentioned factors, going forward, schemes introduced by the Government of India, such as PMJDY, PMMY, amongst others, would further increase the tax-paying population. This, would lead to greater need for issuance of PAN cards to the untapped population in the country.

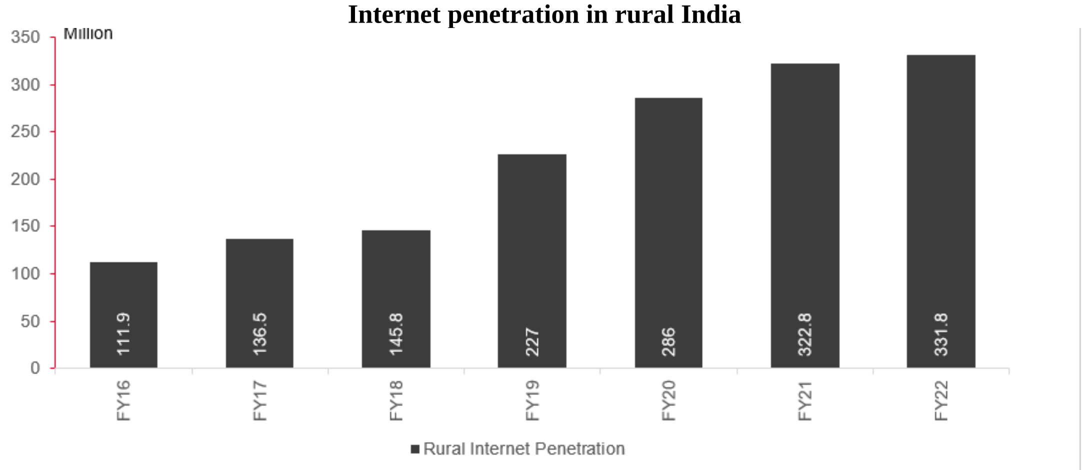
This also creates an opportunity for other services such as PAN updates arising from the need to change name, address, and re-issuance in case of a lost card. With the government's efforts to widen the tax base and increase transparency by promoting paperless transactions, volumes for PAN cards is expected to grow.

Transactions mandating quoting of PAN expected to boost PAN card applications: PAN card enables the ITD to link the transactions undertaken to a particular person or an entity. In turn, it also facilitates retrieval of financial transactions done. In order to expand the tax base in the country, the Government of India has mandated quoting the PAN for a particular set of transactions.

Growing rural economy and internet penetration to aid growth in PAN applications: Financial inclusion of individuals is less in India, when compared with its urban counterparts. As of Census 2011, only 54.46% of the rural households availed banking services, whereas 67.68% of urban households availed banking services. In order to reduce the gap and build financial awareness among the rural population, the Government of India has undertaken initiatives such as PMJDY for opening a no-frills bank account. As of June 1, 2022, the number of accounts opened under this scheme reached 456.0 million with deposits of over ₹ 1,658.1 billion.

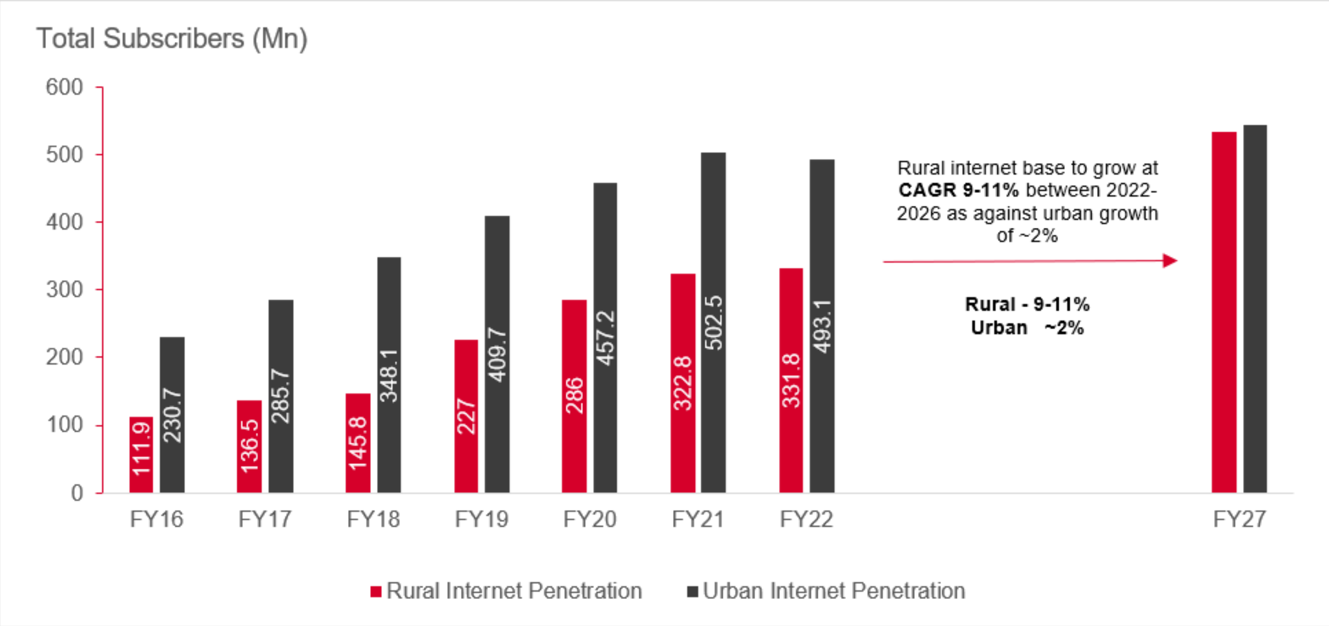
Internet penetration among Indian rural population has increased from 12.9% in December 2015 to 37.0% in December 2021. Going forward, CRISIL Research expects internet penetration in total rural population to reach 55-60% by end of December 2026. This increase is bolstered by growth in rural internet subscriber base at a CAGR of 9-11% between 2021 and 2026. Growth in internet penetration coupled with many of above mentioned services requiring PAN card as one of the proofs of identity, would drive demand for PAN card applications in rural India.

Internet penetration in rural India



Source: Telecom Authority of India, CRISIL Research

Internet penetration outlook in India

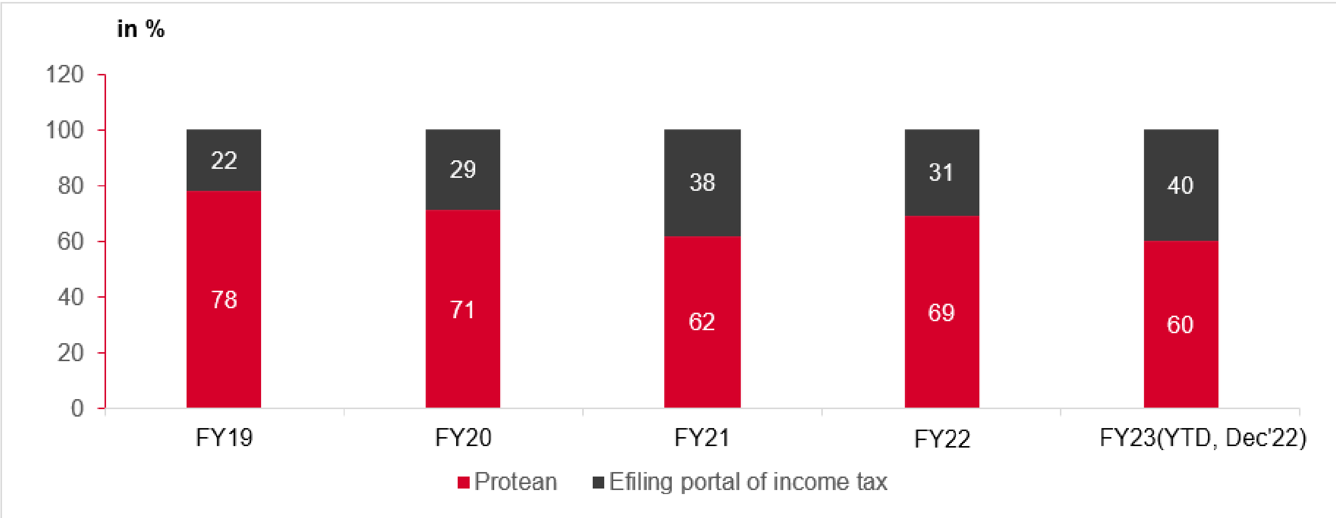


Source: Telecom Authority of India, CRISIL Research

Assessment of Tax Information Network (TIN) System

Introduction to system and infrastructure

eTDS/TCS market share of Protean.



Source: Company document

Trend in tax collection

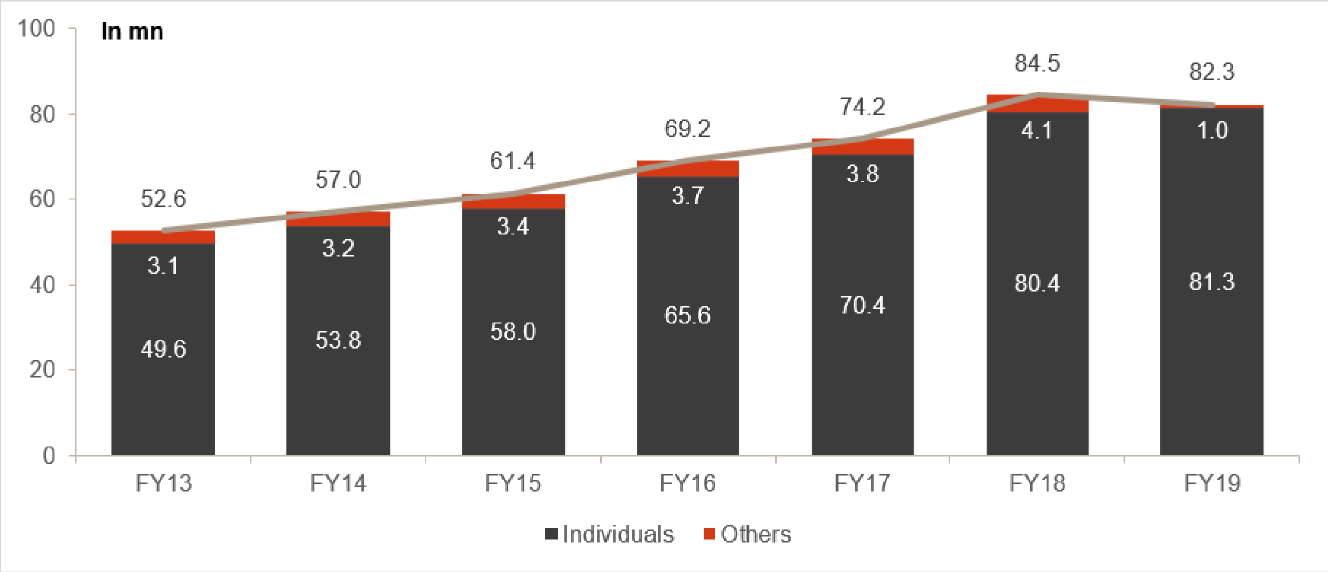
Direct tax collection has shown a strong uptrend in last two decades

A direct tax is paid directly to the government by an individual. The direct tax rules ensure redistribution of money in the country. Companies and individuals are solely responsible for paying their direct taxes. Central Board of Direct Taxes ("**CBDT**") oversees matters related to the levy and collection of all direct taxes. Some of the important components under direct tax include personal income tax, corporate tax, wealth tax, gift tax, property tax, and expenditure tax. Tax collection through corporate tax and personal income tax form a major chunk of total direct tax collection which has increased at a CAGR of 17% from Fiscal 2001 till Fiscal 2019. Both corporate tax and personal income tax have evenly contributed to overall growth in collections.

Number of taxpayers in India

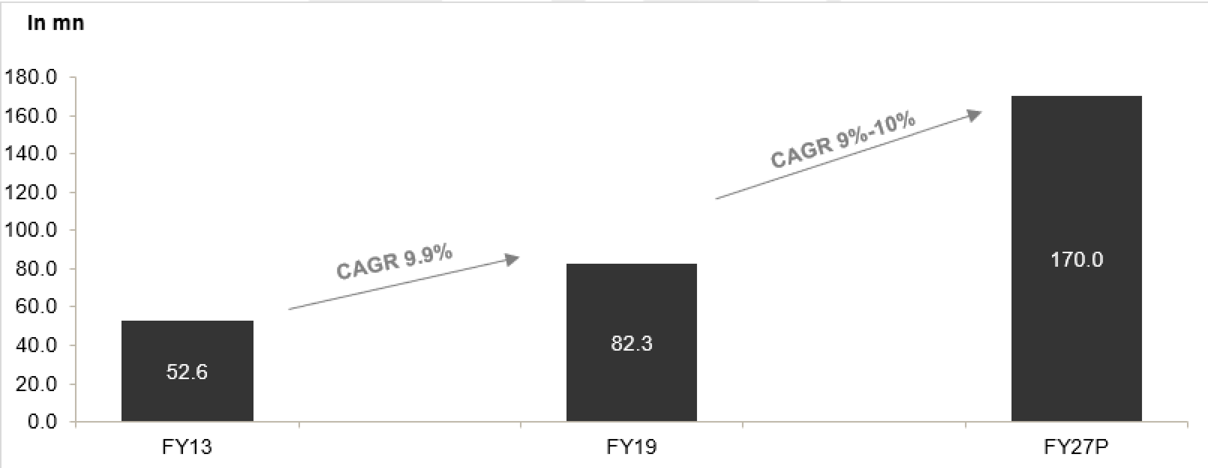
Individuals form approximately 95% of taxpayer base

Number of taxpayers (in million)*



*** Note: India had 82.3 million taxpayers in Fiscal 2020, but the split into individuals and others for that Fiscal is not available.*
Source: www.incometaxindiaefiling.gov.in; CRISIL Research

Expected number of taxpayers (in million)



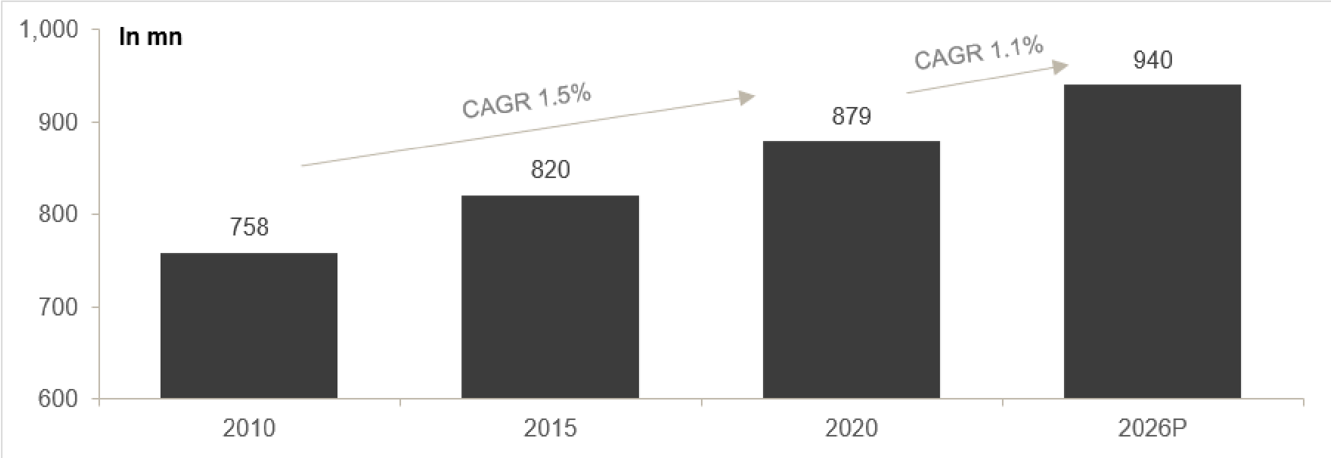
Source: www.incometaxindiaefiling.gov.in, CRISIL Research

Growth drivers for income tax filings and tax collection

India's large young population expected to expand the taxpayer base

Over 60% of India's population is the working age bracket of 15-59 years and this bracket is expected to grow to above 60% in the next decade. According to UN World Population Prospects, in 2020, approximately 879 million people were in the working age range and the number is expected to be close to 940 million by 2026 adding more individuals to the taxpayer base. The individual taxpayer base in Fiscal 2018 stood at 80.4 million. With increasing working age population and the overall economic growth in the country, the individual taxpayer base is expected to expand at a CAGR of 9%-10% till Fiscal 2026.

Working age population (in million)



Source: UN Population, CRISIL Research

India per capita GDP expected to grow faster than global average

India's per capita income, a broad indicator of living standards, rose from ₹ 63,462 in Fiscal 2012 to ₹ 94,270 in Fiscal 2020, at 5.1% CAGR. This growth was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth remained stable at approximately 1% CAGR. However per capita income declined in Fiscal 2021 owing to economic impact of COVID-19, per capita income declined by 9.7% on-year in Fiscal 2021. The per capita income saw rise in Fiscal 2022 and Fiscal 2023 growing at 7.5% and 5.5% on-year.

Per capita net national income at constant prices (in ₹)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21RE	FY22PE	FY23AE
Per-capita net national income (Rs)	63,462	65,538	68,572	72,805	77,659	83,003	87,586	92,133	94,270	85,110	91,481	96,522
On-year growth (%)		3.3	4.6	6.2	6.7	6.9	5.5	5.2	2.3	-9.7	7.5	5.5

RE: Revised estimates; PE: Provisional estimates; AE: Average estimates
Source: Second Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation For 2020-21 (Feb 2022), CRISIL Research

As per the International Monetary Fund (IMF) estimates, global GDP per capita grew at a 3.8% CAGR over 2016-2021. India's per capita GDP clocked a 5.7% CAGR during the corresponding period, growing ~1.5 times faster than the global rate. Over the next five years until 2026, IMF forecasts India's GDP per capita will continue to outpace the global average. GDP per capita at the global level is expected to grow at approximately 5.3% CAGR during the corresponding period and India is expected to grow at 8.9% CAGR. Higher income potential among the individuals expected to drive the personal income tax collection.

Per-capita GDP – Global and India (Current prices, in USD)

	2015	2016	2017	2018	2019	2020	2021P	2022P	2026P	CAGR (2016-21)	CAGR (2021-26)
Per capita GDP – Global (current prices)	10,355	10,393	10,903	11,471	11,540	11,131	12,517	13,447	16,184	3.8%	5.3%
Per capita GDP – India (current prices)	1,606	1,733	1,981	1,998	2,070	1,935	2,283	2,515	3,504	5.7%	8.9%

Source: IMF, CRISIL Research

National Pension System central recordkeeping

Overview of Central Record keeping Agencies ("CRAs")

CRA acts as an operational interface between PFRDA and other NPS intermediaries

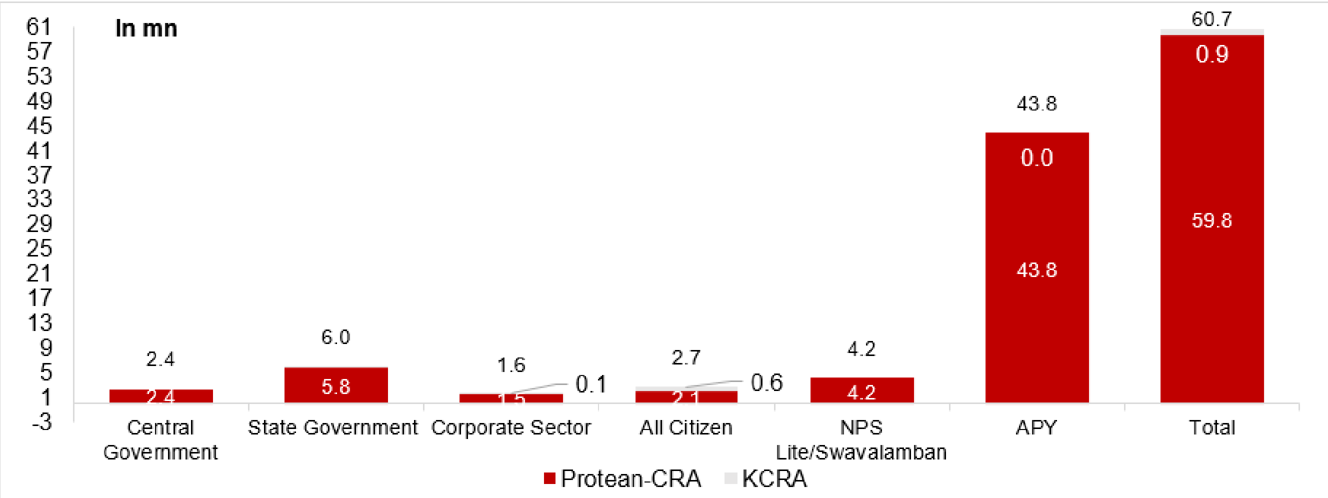
The CRAs are required to establish an internal system that complies with standards of internal organisation and operational conduct, with the aim of protecting the interests of NPS subscribers and their assets. It acts as an operational interface between the PFRDA and other NPS intermediaries such as pension funds, annuity service providers, the trustee bank, and others. Currently, Protean and M/s KFin Technologies Private Limited are carrying out activities of the CRA. From February 15, 2017, subscribers have an option to choose between the two entities. Interoperability functionality allows existing subscribers of NPS to shift from one CRA to the other from April 1, 2017, onwards. PFRDA granted Certificate of Registration ("**CoR**") to Computer Age Management Services Limited ("**CAMS**") in March 2021 to act as CRA for NPS.

Trend in subscribers addition and asset under management (AUM)

Protean eGov Technologies Limited CRA enjoys a major share under the NPS

Protean, KFin Technologies Private Limited and CAMS, act as central record keeping agencies (CRA) for NPS in India. As of December 2022, Protean-CRA had a market share of 97% in terms of NPS subscribers and NPS AUM . Protean-CRA dominates the NPS CRA market for both government and private sectors.

Number of subscribers, NPS (as of December 2022, in million)



Source: Company document, CRISIL Research

Mobile application downloads as of December 31, 2022

	Android	IOS
NPS	7.52 M	612 K
APY	3.89 M	NA

Source: Company documents

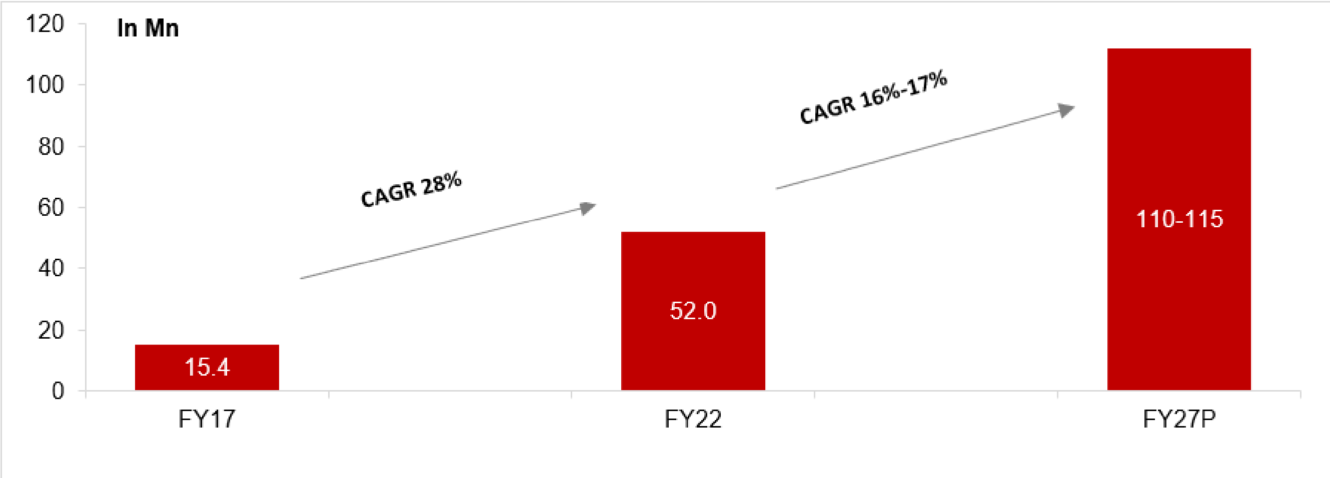
Outlook for National Pension System and Atal Pension Yojana ("APY")

Growth prospects of both the pension plans continue to remain strong

India woke up to the issue of old-age income security much later than developed countries. The NPS started with the government's decision to shift its employees who joined after April 1, 2004, from defined benefit pension to defined contribution pension. While the scheme was initially designed only for government employees, it was opened up for all citizens in 2009. The government launched the APY in Fiscal 2016 to provide pension facility to workers in the unorganised sector. Apart from the APY and NPS, the other government-backed pension scheme available in India is the Employee Pension Scheme ("**EPS**"), which can be availed by Employees' Provident Fund Organisation ("**EPFO**") subscribers. Employees enrolled for the Employees' Provident Fund ("**EPF**") will automatically be the subscriber of the EPS, too. As of November 2019, the number of pensioners under the EPS was approximately 6.6 million, translating to approximately 6% penetration rate for the scheme among working age population (15-59 years of age).

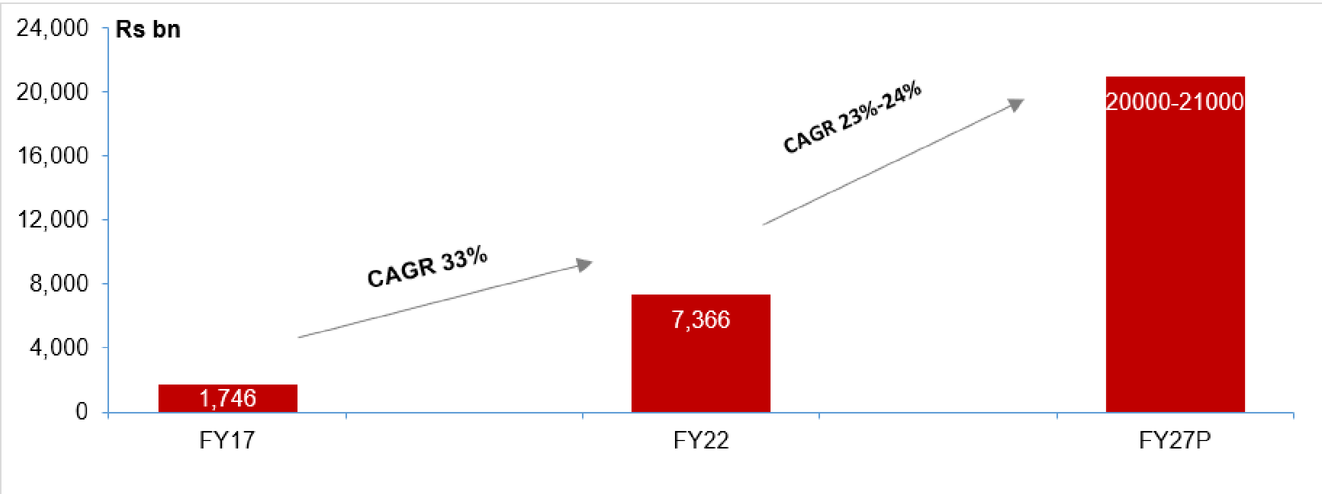
As of Fiscal 2016, combined penetration of the NPS and APY among the working age population stood at approximately 1.5%. With subscriber base of both the pension plans growing robustly, the combined penetration level as of Fiscal 2022 crossed 6% mark. However, this is a gross under-penetration as just one out of 16 people has opted for the pension plan. Total number of subscribers for both the plans combined logged a CAGR of 28% over Fiscals 2017-2022. AUM during the period clocked 33% CAGR. Given the under penetrated state of pension market combined with favourable demographic trend and overall economic growth, the outlook for acceptance of NPS and APY remain strong.

Number of subscribers for NPS and APY (in million)



Source: CRISIL Research
Aggregate NPS, APY assets (in ₹ billion)

Aggregate NPS, APY assets (in ₹ billion)



Source: CRISIL Research

Growth drivers for national pension system initiative

Government's push for widespread acceptance of NPS

The NPS has crossed some key milestones in the past few fiscals as its number of subscribers and AUM saw robust growth. However, these numbers are still minuscule given India's huge workforce. Considering the lack of social security net for most of the employed and the looming risk of under-funded retirement, the government tweaked the product several times to make it more attractive.

From a complex and heavily taxed product, the scheme has transformed into a more investor friendly one over the years. Relaxation in early withdrawal rules, flexibility to subscribers to stay on after 60 years of age and increase in tax exemption limit are some useful changes made by the government. Earlier NPS subscribers could withdraw only 40% of the corpus tax free. This government increased this to 60%. To make the on-boarding and transaction process hassle-free, the government introduced electronic account opening and direct remittance of contributions.

To make the scheme more competitive than Public Provident Fund ("**PPF**"), NPS allows an additional deduction of ₹ 50,000 under Section 80CCD (1B), over and above ₹ 0.15 million that can be claimed under Section 80C. Additional tax benefit is available to subscribers under corporate sector, under section 80CCD (2) of Income Tax Act. Employer's NPS contribution (for the benefit of employee) up to 10% of salary (Basic + DA), is deductible from taxable income, without any monetary limit. Corporates can claim deduction on their contribution towards NPS up to 10% of salary (basic + dearness allowance) as business expense from their profit and loss account. Along with that, with certain limitations, the subscribers get the option to strategically allocate funds between equity and debt unlike PPF making the NPS investment option more attractive.

India's large young population base favourable for NPS penetration

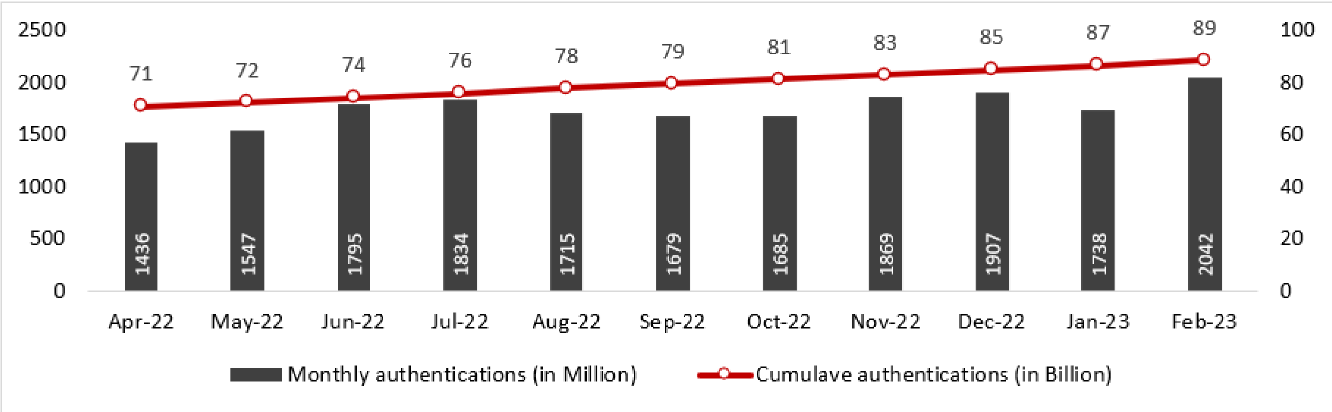
Demographically, India is in a sweet spot today. With the median age of its population at 28 years, it is a young country (for China, this is 38). Of India's population, more than 60% is in the working age group. It is expected to remain so over the next decade as well. That's a formidable number, considering the country is the second-most populous in the world with approximately 1.4 billion people as of 2021 (as per the United Nations' World Population Prospects 2022). With increasing awareness of retirement products among the youth, NPS poses strong potential to penetrate further from current level.

Strong growth prospects for APY

Typically, pension systems across the world cover the formal or organised sector of the economy, while the informal sector is largely ignored. In developing countries, this is a bigger concern than the developed peers as workforce in the sector is much larger. Income of a regular formal worker is nearly four times that of a regular informal worker. Hence, formal workers get both higher pay and better social security benefits such as contribution towards pension. Informal workers usually have no buffer for retirement as their low pay doesn't allow them to keep any.

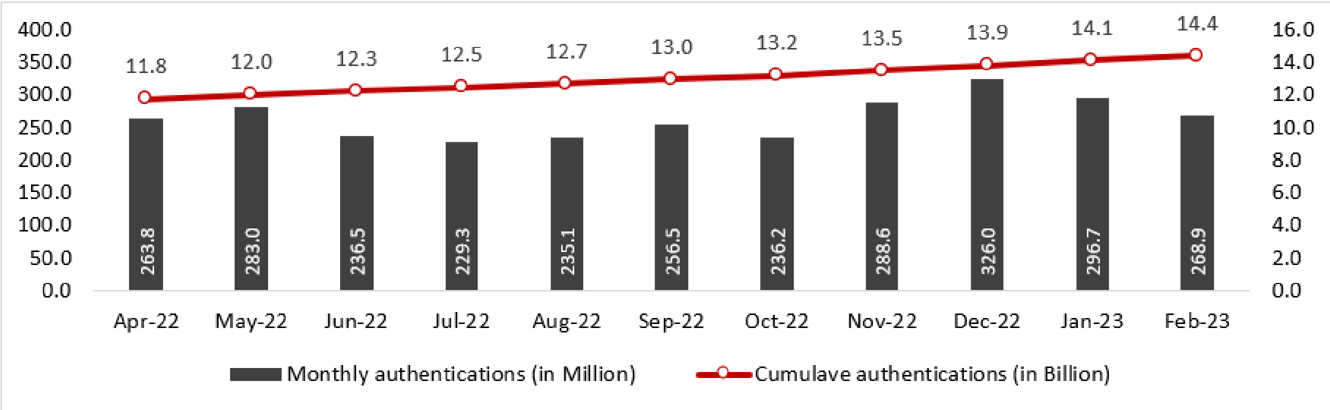
Assessment of Aadhar authentication, e-KYC and e-sign in India

Monthly trend of authentication transactions in India



Source: Aadhar dashboard, CRISIL MI&A Research

Monthly trend of e-KYC transactions in India



Source: Aadhar dashboard, CRISIL MI&A Research

Growth drivers for authentication transactions

Aadhaar enabled e-KYC to reduce the physical paper submissions required

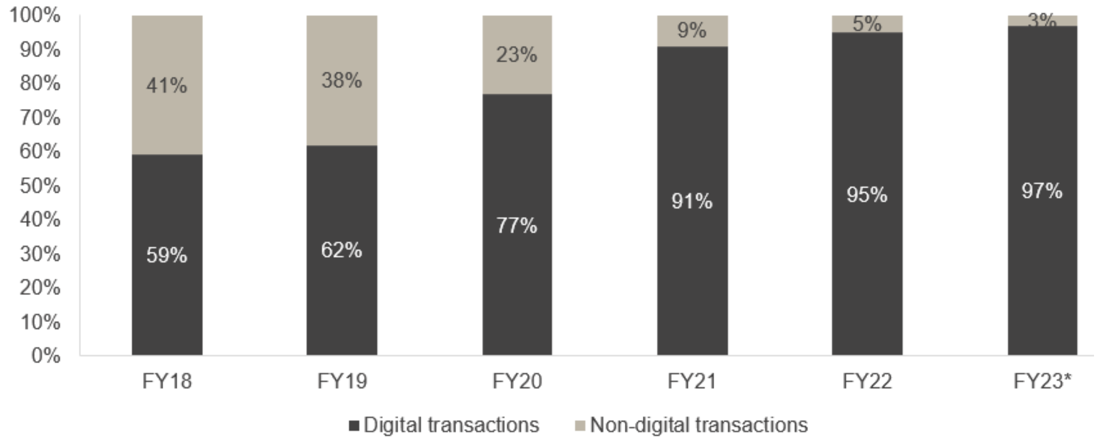
Aadhaar verification lies at the center of availing many financial services in the country. Earlier, verifications were time-consuming and involved a lot of paper-based submissions. However, UIDAI has launched the electronic KYC mechanism to verify the Aadhaar card holder. This provides quick verification of the Aadhaar holder's credentials, majorly reducing the cost of paper-based verifications. Seamless authentication and e-KYC services have led to a growth in the credit economy through simple and easy authentication processes based on Aadhaar.

In addition, UIDAI has introduced Aadhaar paperless offline e-KYC verification for areas where online e-KYC may not be possible. Similar to online e-KYC, this process enables users to establish their identity in a paperless manner. E-KYC, being an electronic-based authentication system, reduces the necessity of managing documents as in a paper-based authentication system, reducing the carbon footprint. Since these services are majorly based on usage of electronic devices such as mobile phones, this reduces physical paper submissions, in turn lowering cost and increasing efficiency.

Increasing digital transactions to drive the e-KYC infrastructure growth in the country

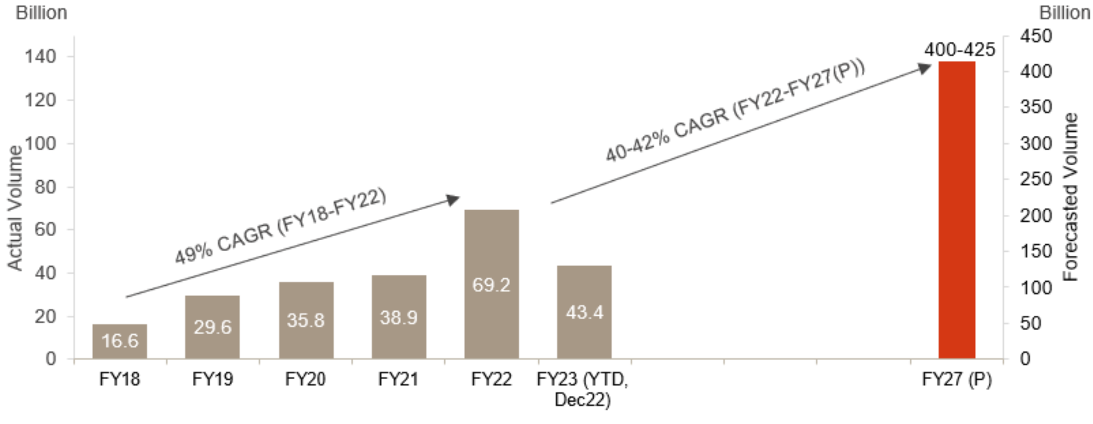
Led by change in consumer behavior caused due to demonetisation in the country, the number of cash transactions as a percentage of total transactions have seen a gradual decline over the years. As of 2023, most of the transactions occur digitally due to ease of performance and convenience. Digital transactions have seen a rise from 59% of total transactions in Fiscal 2018 to occupying a large share of the pie of 97% in Fiscal 2023. In volume terms, number of digital transactions have increased from 16.6 billion in Fiscal 2018 to 69.2 billion transactions in Fiscal 2022 at a CAGR of 48.9% and as of December 2022 transaction volume of 43.4 billion. Moving forward, CRISIL Research estimates digital transactions to grow at 40-42% CAGR between Fiscal 2022-2027 reaching 400-425 billion transactions. In addition, UPI transactions have grown at a tremendous pace of 131% CAGR from Fiscal 2018 reaching 59.4 billion transactions by Fiscal 2023 (YTD – nine months ended Fiscal 2023). Other digital payments transactions such as National Electronic Funds Transfer ("**NEFT**") and Immediate Payment Service ("**IMPS**") have also grown strongly at a CAGR of 15% and 34%, respectively.

Percentage share of digital transactions over the years



Note:
*Digital payments include RTGS payments; credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI); debit transfers (BHIM, ECS Dr, NACH Dr, NETC); card payments (debit and credit cards); and prepaid payment instruments; *Fiscal 2023 includes till October'22.*
Source: RBI, CRISIL Research

Digital transactions volume over the years



Note:
Forecasted values are represented on the secondary axis
Digital transactions include RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments
P: Projections
Source: RBI, CRISIL Research

Growth in Digital economy to further push the need for e-KYC and E-sign infrastructure in the country

Technology plays a vital in the development of an economy and provides a cost effective solution for government solutions to untapped regions. Through Digital India Initiative, Government of India plans transform India into digitally empowered economy. As economy moves towards digitisation, necessity arises for higher security needs especially in banking and investments space.

e-KYC being a better way to authenticate an individual's identity playing a vital role in this process. In addition to this, E-sign can also be used to digitally sign the documents concerning to government bodies, banking and financial institutions, educational institutions and others, which would reduce time and cost involved. Development of infrastructure facilities for these e-KYC and E-sign services would further support growing digitisation in the country.

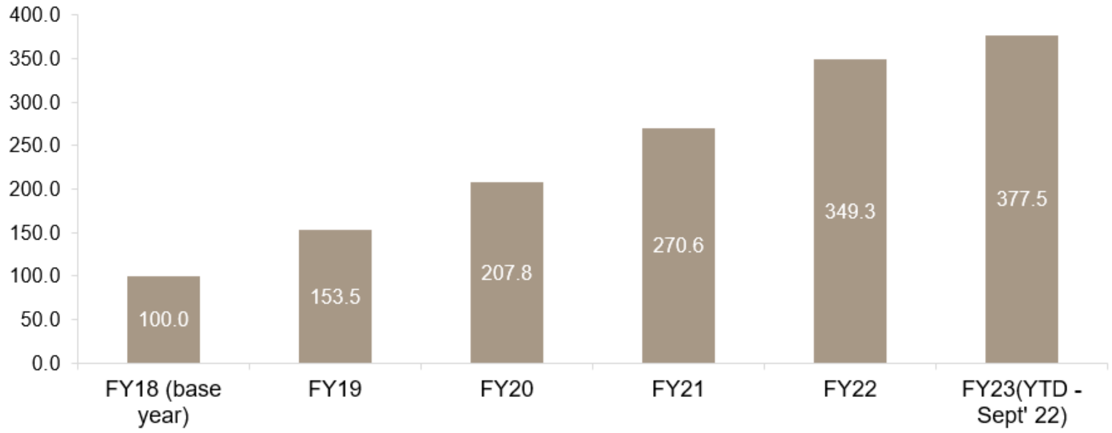
Requirement for authentication by various institutions likely to drive the growth in future

Number of authentications transactions have seen a growth over the years as it plays a major role for financial institutions in verification of individual identity. Aadhaar authentication helps the credit disbursal agencies to easily validate documents provide by the beneficiary. As Aadhaar is necessary document to be submitted for availing of loan, authentication helps checking if duplicate proofs have been submitted thus reduce the operational risk for the entity. It also reduces the turn-around time required to avail the loan. Similarly, asset management companies opt for Aadhaar authentication for investments such as mutual funds which would provide easy and secure on-boarding of investors in less time frame. In addition to these, it also has vital importance government initiatives such as Direct Benefit Transfer ("**DBT**") and National Mission on Financial Inclusion. Going forward, further growth in these spaces would raise the requirement for developing the authentication infrastructure in India.

Increasing digitals payments penetration to further boost requirement for authentication infrastructure

Digital payments lie at the core of digitalisation in the country, making it vital to understand its growth over the periods. In order to capture this, RBI has developed a Digital Payment Index ("**DPI**") covering wide range of payment ecosystems in India. It helps in understanding the penetration of digital payments across the country. In development of DPI, RBI has assigned five parameters with each having sub-parameters and weights assigned to it signifying the importance in payments ecosystem. With March, 2018 as base period (=100), DPI has increased to 153.47 as of March 2019 to 349.3 as of March 2022. However, bank accounts linked to these payment interfaces require regular authentication done to reduce the occurrence of fraudulent activities creating necessity for better authentication facilities such as e-KYC to be in place.

Trend in DPI



Source: RBI, CRISIL Research

Aadhaar based credit disbursal system to support the future growth in e-KYC infrastructure

The increase in financial inclusion and government taking measure to provide subsidies and benefits, creates a further dependence on e-KYC process for eliminating duplication, identity theft and others, and in turn creating a demand for e-KYC infrastructure.

Umbrella Entity for Retail payments to pave growth in e-KYC segment

Growth of fintech companies in India are dependent upon penetration of digital usage, which in turn depends upon the infrastructure required, financial literacy and awareness among the population from both supply and demand prospects and having security protocols in place for data privacy and protection. Recent initiative by the RBI for setting up of umbrella organization to look over the digital space is likely to increase the healthy competition among the players thus benefitting end users of the segment. As the competition intensifies leading to addition of new end users in the fintech space, e-KYC companies would also see demand increase lead by end-user authentication.

Overview of account aggregator and allied services

Protean has formed a separate company for the AA business

Protean is a chief architect and implementer for some of the most critical and large scale technology infrastructure projects in the country. Protean closely works with Central and State Governments, Regulators, and Financial and Non-Financial entities in creating population scale e governance Solutions. Protean conceptualized designed and implemented the infrastructure for Central Recordkeeping Agency ("**CRA**"). It has also been responsible for setting-up the tax information network and the technology infrastructure for Aadhaar authentication and e-KYC services. The company has over the years used its project management capabilities and technology expertise to deliver state of the art e-Governance solutions.

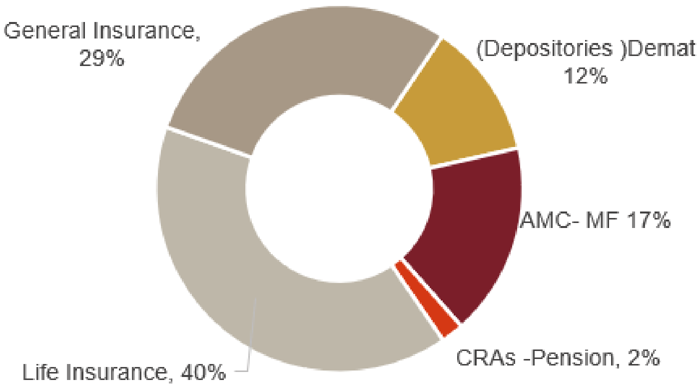
Going ahead, Protean plans to leverage its experience and capabilities in technology infrastructure to be an integral part of the Account aggregator ecosystem being set-up in the country. It has formed a separate company, called NSDL e-Governance Account Aggregator Limited ("**NSDL e-Gov AA**") (based on its former name), for the same purpose. The company has received the approval from the RBI to be empanelled as an Account Aggregator. Thus, NSDL e-Gov AA along with Protean plan to become agents of financial inclusion by shifting from asset backed lending to cash flow based lending.

AA framework coverage expected to triple in coming years, with major adoption coming from banking sector

The base of financial information providers is expected to broaden with the adoption of the AA ecosystem by public and private sector banks. The GSTN database has received approval to go live on the AA framework. Following the onboarding process, the use case of the portal for Financial Information Users is expected to grow substantially. Currently, the portal has 32 financial information providers that have integrated on the account aggregator ecosystem, of which, 26 have integrated with multiple account aggregators.

Under the AA framework, as a primary central recordkeeping agency for the National Pension System, Protean is now enabled as a Financial Information Provider ("**FIP**") to provide subscribers pension data to Financial Information Users ("**FIUs**") like Banks/NBFCs/lenders.

Potential FIPs (excluding Banks and NBFC)



Source: Crisil MI&A - Consulting and Sahamati Dashboard

AA ecosystem saw 18% on-month growth in FIU onboarding; high potential of portal to help sustain growth

As of assessment year (AY) 2022, 94 financial institutions had completed their onboarding process on the account aggregator platform as users of financial information; as of February 2023, this number increased to 141, with 49 entities in the evaluation stage and 21 in the development stage. The platform started with nine users of financial information in September 2021, growing at approximately 180% CAGR over the past few months.

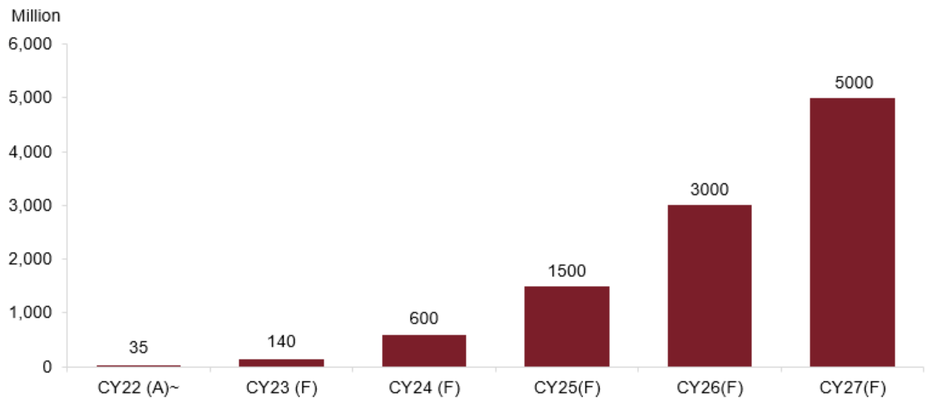
A similar growth rate could be expected for the portal in coming years on account of its immense potential to provide easy access to financial services and contribute to the country's financial inclusion goals by reaching under-served customer segments such as MSMEs and low-income groups. Major demand for the platform will come from the insurance sector, NBFCs, and banks, as well as the pension sector and securities market.

Rise in emerging use cases of platform, consents raised expected to grow

During assessment year 2022, there were approximately 35 million successful transfers since the launch of the platform. In recent months, more than 2 million annual cumulative consents have been fulfilled successfully. The monthly growth rates since September 2021 have been stable at 50-60%, witnessing sustained progress.

According to a market sizing report by Sahamati, considering the emerging use cases of the account aggregator system, successful annual consents fulfilled via an account aggregator are expected to reach one billion by 2025 and 5 billion by 2027, given the broadening of the ecosystem to include additional financial information types, and several more use cases are expected to emerge.

Current and Potential Consents



Source: Crisil MI&A - Consulting and Sahamati Dashboard

Overview of Open Credit Enablement Network ("OCEN")

OCEN aims to make credit accessible to all

OCEN enables service providers to become fintech-enabled credit marketplaces by standardising the building blocks that make up a typical credit cycle. The Indian start-up scene is populated by kirana tech players, food delivery applications, logistics companies, ed tech platforms, SaaS providers, and others, all of whom, already fulfil the role of gathering customers (whether they be businesses or individuals). If these companies are allowed to easily add lending as a feature via standardised OCEN APIs, the cost of customer acquisition for a lender is brought down to zero. Moreover, the usage data that is already being captured on these platforms can serve as an addition to a borrower's profile to better assess their creditworthiness. This enables a new mode of operation based on the analysis of present and future cash flows, rather than static balance sheet-based loans.

OCEN is putting together an infrastructure protocol that enables consent-based access to verify information from multiple public and private data sources and connects borrowers with lenders through an ecosystem that offers access to affordable credit. Using OCEN, lenders will be able to create personalised loan products to meet the financial needs of small businesses. They will also be able to underwrite new types of loans by gaining access to financial data about MSMEs, which helps them monitor credit. Online intermediaries such as e-commerce enterprises and digital businesses (also known as loan service providers) can include credit products without having to engage in technology development or sign up with multiple lenders. The turnaround time and finance costs would be reduced due the simplification of the loan application process and also since competition among lenders will increase.

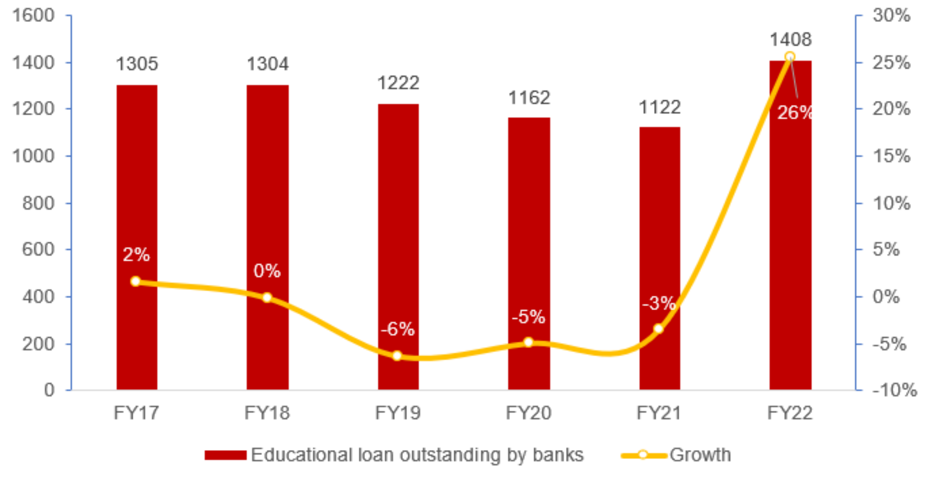
Overview of Ed-tech and e-learning in India

Global ed-tech market estimated at US$120-125 billion in 2022

Overview of education loan market in India

Education loan on rise in FY22 post pandemic phase

Education loan outstanding of banks increased approximately 26% in Fiscal 22. Students are going back to universities and other educational institutions after a two-years gap caused by the pandemic. Students who could not opt for higher studies then are doing so now after a fair recovery of parent's income, and their own earnings. Consequently, admissions for studies abroad are increasing. Banks, too, have improved their processes in education loans business, which is credit assessment, collateral, and recovery. Also, 90% of education loan are given by state-run banks, which are encouraged by the government to step up lending to students.



Source: RBI,CRISIL Research

Overview of Vidya Lakshmi initiative

The Vidya Lakshmi initiative is an education loan portal developed under the guidance of Ministry of Finance and Ministry of Education and the Indian Banks' Association. Under this, students can avail of education loans through scheduled banks and the platform acts as a gateway through which students can apply for loan. The portal facilitates tracking the loan right from application to sanction or otherwise. The portal provides information on educational loan schemes of various banks, application process, helps download loan applications and offers loan processing status, offers linkage to the national scholarship portal for information and application for government scholarships, and has a facility to email grievances/queries.

Through the Vidya Lakshmi initiative, a total of approximately 3.26 million students have registered on the platform. Among these, approximately 15%, or approximately 0.5 million students have got education loans. In Fiscal 2022, approximately 0.12 million students got education loans from the portal, and in three quarters of Fiscal 23, approximately 0.11 million students have received an education loan.

According to the All India Survey on Higher Education ("**AISHE**"), in 2020-21, about 41.3 million students enrolled in undergraduate and postgraduate program. So, the currently the initiative is highly underpenetrated and holds a lot of potential to provide financial aid to undergraduate and post graduate students.

Overview of Vidyasaarthi Initiative

The Vidyasaarthi initiative provides underprivileged students financial assistance via corporate-funded scholarships. Many Students in India miss out on the higher education due to unaffordable and increasing fees for higher education in India. Students seeking education scholarship can search and apply for various education finance schemes that they are eligible for. Fund providers, industries, and corporates can promote skill development by designing education finance schemes provided on merit by fund providers, industries, and corporates.

Vidyasaarthi allows fund providers to create their own education scheme, which can be managed through their own foundation or through a Vidyasaarthi's trust and foundation. The fund providers get to create scholarship schemes, manage student applications, access student profiles or decision making, and set up different user profiles.

On Vidyasaarthi portal, as of December 31, 2022, more than 1.4 million students registered for scholarships and 94 corporates have cumulatively given scholarships worth approximately ₹ 442 million.

Overview of data center and cloud services

***Approximately* 64% of Indian MSMEs using cloud services for day-to-day operations**

Public cloud, with pay as per usage subscription models, most preferred:

A definitive digital transformation is finally underway among India's micro, small and medium enterprises (MSMEs). Apart from regular sales via ecommerce platforms, majority of them have digitalized their receipts and payments. However, adoption of online procurement, availing of loans online and using digital logistics has been very low.

MSMEs' adoption of cloud services has also seen a significant rise**,** with approximately 60% using them for regular operations.

Adoption of cloud services has been greater among medium enterprises than micro and small enterprises. Smaller enterprises still rely on legacy systems and follow in-house traditional bookkeeping and accounting with more emphasis on sales than marketing strategies.

Indian cloud services comprise public, private and hybrid modes.

Public cloud: multi-tenant platform, on-demand and elastic infrastructure, utility pricing model

Private cloud: Dedicated hardware, high performance hardware, extra security and compliance, and specific policies

Hybrid cloud: Integration of public and private, more architectural flexibility, more technical control

The Indian public cloud market logged a CAGR of approximately 44% over 2016-2021. It is expected to log a CAGR of approximately 30% until 2025.

There are three cloud service models prevalent in the country: SaaS, IaaS, and PaaS.

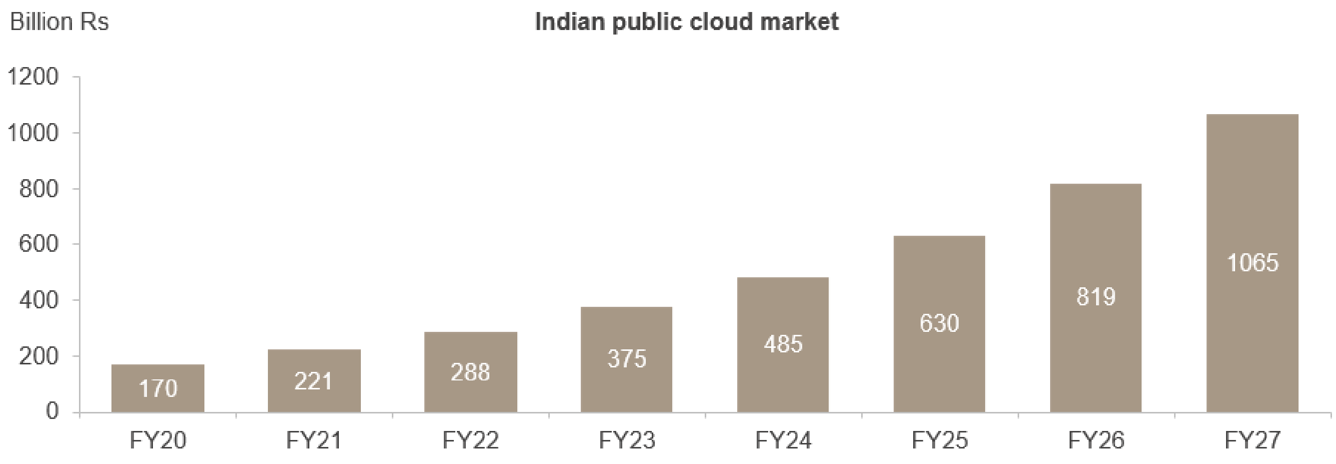
Software as a Service (SaaS): It provides access to software over the internet. These applications can be accessed through a web browser, desktop client or an application programming interface (API).

Infrastructure as a Service (IaaS): Acts a platform to rent IT infrastructure such as servers, virtual machines, storage and networks from a cloud service provider on a pay-as-you-go model.

Platform as a Service (PaaS): It offers access to cloud-based tools, such as APIs, gateway software and web portals.

MSMEs prefer public cloud services, with SaaS having a dominant approximately 50% share in Fiscal 2020. SaaS adoption is expected to log a CAGR of 27%. IaaS, however, is expected to grow at a faster approximately 33% CAGR by Fiscal 2025 driven by exponential data generation, demand for big data analytics, use of storage as a service and faster deployment and scalability.

In 2021, the cloud services market contributed approximately US$70-90 billion to India's GDP. This is expected to clock a CAGR of approximately 34% to reach approximately US$310-380 billion by 2026.



Sources: Crisil Research, NASSCOM Cloud Adoption Report

Overview of e-commerce retail industry in India

Need for open e-commerce network and role of open protocols

Implementation of innovative technology can further boost e-commerce growth

Over the last one decade there has been a transformation in the way commerce has been carried out. In present era online purchases are experiencing strong growth owing to rising income level, rising number of smartphone users, change in lifestyle and preferences, and improved logistics services. Advancement in IT infrastructure has been the backbone supporting robust growth in e-commerce. However, the e-commerce industry is still under growth phase and certain concerns which exist in the current scenario such as malpractices followed by players, barriers in launching new products, and limited reach to audience need to be addressed. ONDC is one such solution government is planning to implement to make the overall e-commerce market more efficient and inclusive.

ONDC can expand overall e-commerce market and can curb existing malpractices

The ONDC is a digital project of the government to redefine the e-commerce landscape in the wake of a large number of complaints of malpractices by e-commerce companies. To standardise the process of on-boarding retailers on e-marketplaces, and supply and delivery of products through online channels, the Department for Promotion of Industry and Internal Trade ("**DPIIT**") plans to develop ONDC to set protocols. The protocol for digital commerce would be similar to what UPI is for online payments or what HTTP is for communication over the internet. These will be open standards and the effort is to create protocols for digital e-commerce for creating an enabling e-commerce ecosystem.

The DPIIT has set up a steering committee to formulate, implement and provide policy oversight ONDC. The committee is headed by a senior DPIIT official and includes representatives from the Department of Commerce, the Ministry of Electronics and IT, the Ministry of MSME, the NITI Aayog, Quality Council of India, NPCI Technology, and Protean.

Overview of e-health industry in India

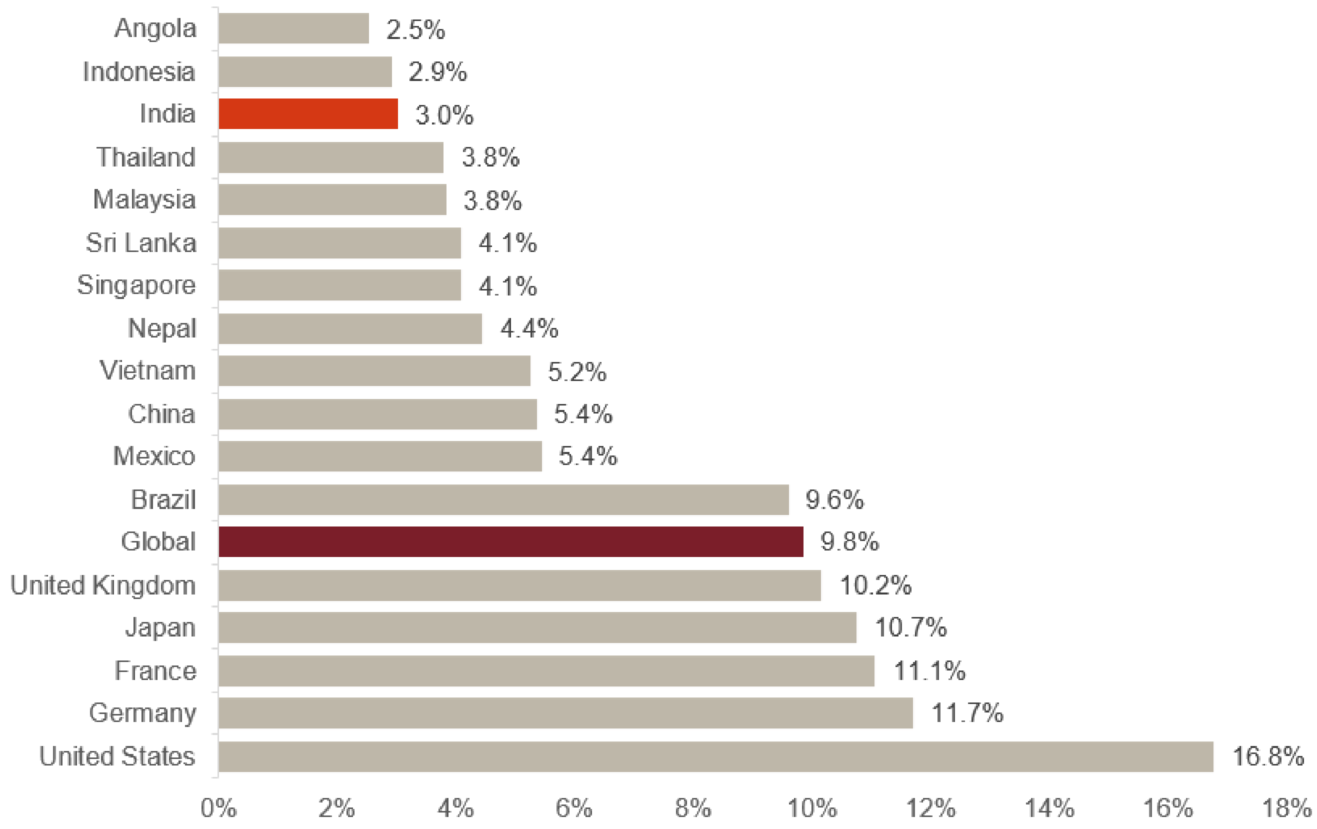
Healthcare industry in India

India's health infrastructure has large potential for improvement

The adequacy of a country's healthcare infrastructure and personnel is a barometer of its quality of healthcare. This, in turn, can be assessed from bed density (bed count per 10,000 population) and availability of physicians and nurses (per 10,000 population). For India, that's where the concern begins. The country comprises nearly a fifth of the world's population, but has an overall bed density of merely 15, with the situation being far worse in rural than urban areas.

India lags peers in healthcare expenditure

Total healthcare expenditure as a percentage of GDP (2019)



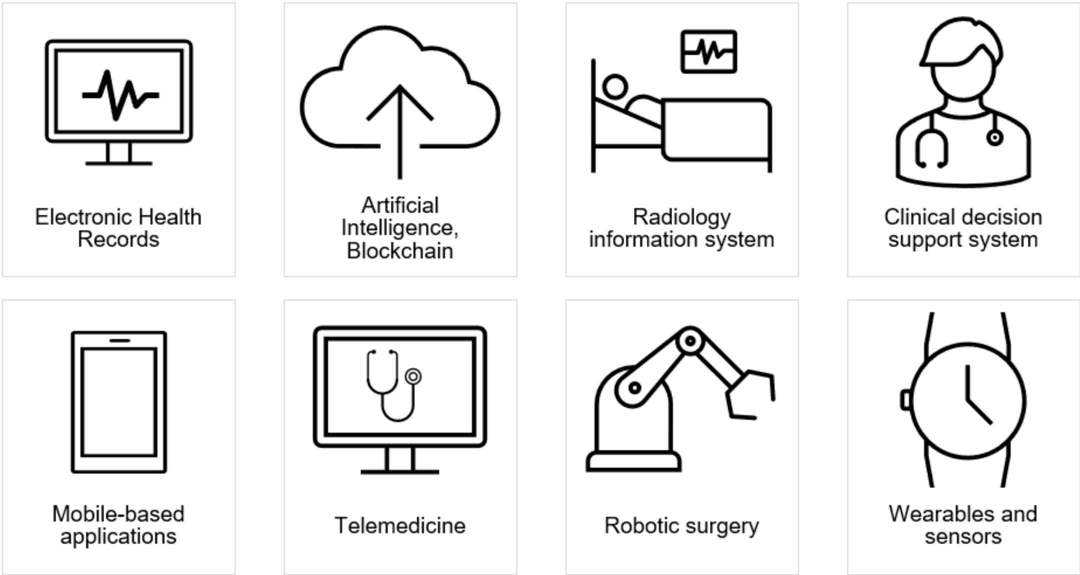
Source: Global Health Expenditure Database, World Health Organization; CRISIL MI&A Research

E-health is the future of healthcare service

E-health refers to the use of information and communications technology in healthcare. Based on different approaches to e-health, its types can include the following: services provided via the Internet (such as telemedicine and video consultation); electronic health record; and health monitoring and research via mobile applications (also referred to as m-health). E-health initiatives have a vision to delivery better health outcomes in terms of

- access,
- quality,
- affordability,
- lowering of disease burden, and
- efficient monitoring of health entitlements to citizens

Emerging technologies in healthcare



The healthcare industry, like other industries, is constantly evolving in terms of technology. Developments in information technology have helped create systems which ensure faster and reliable services. While, on one hand, these systems help increase the reach and quality of healthcare delivery systems across the country, on the other, they also enable healthcare delivery providers to improve efficiency by helping them in resource planning, maintaining patient records, amongst others. CRISIL Research believes that with the advent of 5G, smartphone penetration and increasing health conscious population, digital healthcare penetration will grow significantly.

National Digital Health Mission ("NDHM")

The National Digital Health Mission (NDHM) initiative supports universal health coverage in an efficient, accessible, inclusive, affordable, timely, and safe manner, leveraging on open, interoperable, standards based digital systems, and ensures the security, confidentiality, and privacy of health-related personal information. Citizens and patients in India are served by different stakeholders in the healthcare system – namely, policymakers in central and state governments, healthcare professionals, regulators, allied private entities such as insurers, and providers of healthcare services in hospitals and pharmacies.

The NDHM is envisaged to create an online platform using data, information, and infrastructure services, while also ensuring the security, confidentiality, and privacy of health-related personal information. Some of the key objectives envisaged under the NDHM are as follows:

- To establish registries at the appropriate level to create a single source of truth in respect of clinical establishments, healthcare professionals, health workers, drugs and pharmacies;
- To enforce adoption of open standards by all national digital health stakeholders;
- To create a system of personal health records, based on international standards, easily accessible to individuals and healthcare professionals and service providers, based on the individual's informed consent;
- To ensure healthcare institutions and professionals in the private sector participate actively with public health authorities in the building of the NDHM, through a combination of prescription and promotion; and
- To strengthen existing health information systems by ensuring their conformity with defined standards and integration with the proposed NDHM.

Protean undertakes e-Healthcare projects across value chain components

Protean has been undertaking greenfield projects, whereby it provides services right from defining a business process to setting up a solution, hosting it, maintaining the solution, and providing services to clients. It developed a platform in partnership with the Indian Academy of Paediatrics ("**IAP**"). It also possesses products to enable vaccination programmes, which can be used for mass vaccination drives for Polio, COVID-19, etc. The company is launching a national project to enable digitisation in various aspects of health, starting outpatient clinics to provide high-tech services to citizens. Given the expertise Protean holds in implementing large-scale IT infrastructure projects, it has the potential to extend its services in the areas of practice management system (PMS), patient health record management system, and electronic health management system, to name a few.

Healthcare providers have successfully integrated or are integrating Ayushman Bharat Digital Mission ("ABDM")

The ABDM was launched in September 2021, to develop integrated digital health infrastructure in India. According to a recent press release from the government, approximately 220,000 government healthcare facilities include public sub-centres, PHCs, CHCs, sub-divisional hospitals, district hospitals, and state hospitals. There are approximately 69,000 hospitals in India, of which, approximately 43,000 are private hospitals, and the remaining are government hospitals. The ABDM portal has 200,419 verified healthcare facilities registered, of which, 75% are government facilities and 25% private (hospitals and clinics). Currently, 28 healthcare providers and 4 laboratories have successfully completed their ABDM enablement, while approximately 600 entities, including diagnostic labs, hospitals and government entities, have applied for ABDM enablement.

All Indian citizens with valid Aadhar card eligible for ABHA, which will help digitalise health records

Under the Ayushman Bharat Digital Mission, the Ayushman Bharat Health Account ("**ABHA**") number was launched to standardise the process of identification of an individual across healthcare providers by providing consent-based access and digital health records, which are secure and private. This will allow individuals to share their health records digitally with hospitals, clinics, insurance providers, and others. As of February 2023, approximately 330 million ABHA cards have been generated. The basic eligibility requirement for the ABHA is an Aadhar card; as on January 31, 2023, there were 1,358.15 million Aadhar card holders in India.

ABDM enablement creates new opportunities for health-tech start-ups and applications for digitalising health records

As of February 2023, there are approximately 3,200 health-tech start-ups in India, and this number is expected to rise in the near future, given the start-up ecosystem in the country and government initiatives to promote the creation of start-ups. Currently ~25 health-tech applications have enabled ABDM implementation since its launch in September 2021. This helps these start-ups in Health ID creation, and capture and verification for seamless patient registration, along with building of health information provider services to share digital records via personal health record applications. As these applications reach the advanced stages of ABDM enablement, they will develop health information user services to provide a view of patients' medical history to authorised healthcare workers.

Overview of mobility industry

Need for open mobility network and role of open protocols

Open mobility network can help make urban mobility system more efficient

India is rapidly becoming more urban and will witness a staggering increase in urban mobility demand soon. The increasing urban population continues to add stress on the infrastructure, environment, and economy of cities. Public mass-transit systems today find themselves competing not just with personal vehicles, but also with new forms of shared mobility. Private shared mobility is continuously evolving in form and scale. But despite the increase in available choices, personal vehicles remain the primary mode of transport for many.

The networks of public and private shared mobility operators do not seem to offer a compelling alternative for city travellers. While public transport, especially the rail systems and buses on dedicated lanes, seems to cover the distance faster, its accessibility and availability is a challenge in many cities. Private shared mobility networks, on the other hand, do not always cater to all customer segments. Mobility systems and other travel options in cities thus remain isolated, offering no effective solutions for a seamless door-to-door journey. Big shifts happening in electrification, autonomous and connected vehicle technologies could expand the gap between shared mobility operators further, especially between on-demand mobility service providers and mass transit systems.

Creating an open network economy

Beckn is an open protocol that enables location-aware local commerce across industries. With initial support from Beckn Foundation, an active open-source community has published an open protocol specification that can help foster better integration and improved usability by connecting various applications together in a collaborative and coherent digital ecosystem. Once implemented widely, it will allow businesses to be discoverable by consumers through commonly used applications. Beckn acts as a transaction protocol that allows discovery, ordering, fulfilment and payment between buyers and sellers (consumers and providers) in the digital marketplace. It is a common way that allows basic interoperability of the transactions on a digital medium. Beckn protocol allows one user to communicate to other user anywhere on the internet by exchanging open, standardised, machine-readable information.

Currently, most marketplaces are platform centric. Beckn is an open digital infrastructure that allows creation of an unbundled and decentralised digital market that is free to use, and more inclusive in nature. It specifically caters to location-aware local commerce businesses that are small and severally available within a region like a city. Examples of such businesses include mobility, e-commerce and last-mile delivery.

Mobility-as-a-service and open protocols

Protean functions as infrastructure provider in open network mobility solutions

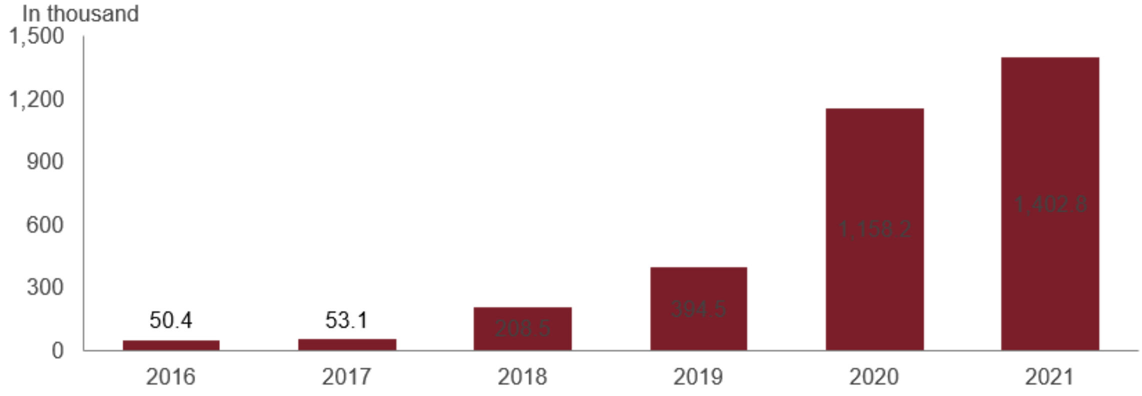
With initial support from Beckn Foundation, an active open-source community has designed an open protocol that enables implementation of open network mobility solutions. Protean eGov Technologies Ltd plays a role of interpreting and implementing Beckn protocol to ensure large scale execution of open network mobility solution. The services offered by Protean range throughout the open network mobility solution value chain making it a holistic infrastructure provider in the space. In July 2021, the Kerela government launched Kochi Open Mobility Network, which could be considered the first of its kind globally.

Overview of cybersecurity market in India

Cybersecurity involves protection of confidential data from malicious attacks

Cybersecurity incidents in India significantly increased in number in 2020 and 2021, according to CERT-In data. The incidents include website intrusion and malware propagation, malicious code, phishing, distributed denial of service attacks, website defacements, unauthorised network scanning/ probing activities, ransomware attacks, data breaches and vulnerable services.

Number of security incidents handled by CERT-In



Source: CERT-In annual report 2021 (last updated in Fiscal 2021)

Overview of Open Network for Digital Commerce

ONDC is a network-based open protocol that will transform the domestic ecommerce space as it connects all buyers to all sellers on the network. It works on interoperable protocol, which unbundles the ecommerce value chain. This would enable a buyer using one app to transact with a seller using another app, if both apps are on the ONDC network. Buyers can connect with the network through chat widgets, apps, IVR solutions and websites.

When a buyer searches an item on the network, the ONDC gateway checks the multi-domain registry and broadcasts this search to a large number of entities that sell the item searched. These sellers can be listed on any app on the network. The buyer gets the list of sellers from which he/she can pick one based on his/her preference.

Once the buyer selects the item and requests its delivery, the gateway shares the buyer's and seller's locations to all logistics providers that serve at both the locations. The buyer, again, can choose from multiple logistics providers or choose sellers who can deliver the items themselves. Buyers can pay through network, seller and logistics provider to get the payment through the network.

Sellers benefit from ONDC as they get low-cost access to complete the value chain in ecommerce. A seller has to register only once on any of the apps on the network to get access to the entire buyer universe. Sellers can have their own terms and conditions, such as favourable return policy, low commissions, faster payment settlements etc.

In the current platform-centric marketplaces, sellers are at risk of getting replaced by alternatives available on the platform, which could lead to losing the access to the buyer universe. ONDC eliminates this risk as sellers can shift to another app on the network and not lose visibility to buyers. Also, this provides sellers with portable network-wide reputation, which means a seller's reputation stays intact even when they switch between different apps on the platform. ONDC provides business-enhancement analytics on the seller app, which sellers can use to derive actionable insights.

Technology companies, too, can benefit from ONDC. They can list themselves as technology provider on the ONDC network, which makes them visible to a large number of apps on the network. These apps can use various technology solutions listed by technology companies to enhance their business. This opens up various monetisation opportunities to technology companies, such as one-time licensing, recurring subscription, per transaction margin etc.

100+ entities integrate with ONDC

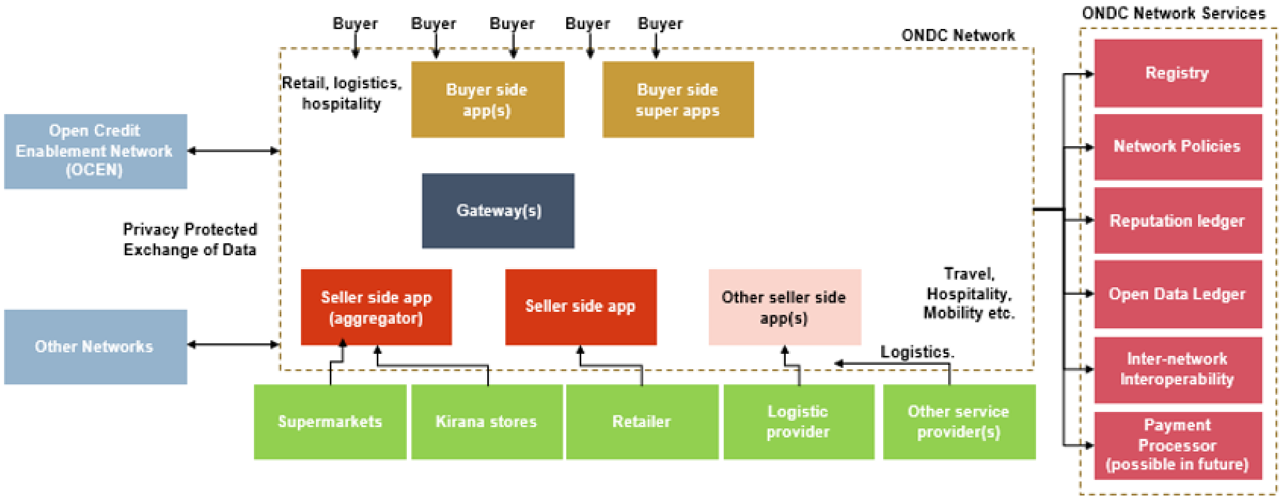
In April 2022, the government launched the pilot phase of ONDC in five cities — Delhi NCR, Bengaluru, Bhopal, Shillong and Coimbatore. It became live in September 2022 with grocery and food and beverage (F&B) categories. As of April 2023, ONDC is live in 183 cities, with two cities (Bengaluru, Karnataka and Meerut, Uttar Pradesh) in beta/test phase. Difference in alpha and beta phases is that more focus and marketing efforts are done in the beta phase. ONDC has onboarded more than 5,000 sellers across the country with 38 network participants gone live. These network providers are buyers' apps, seller apps and logistics providers. The breakup of these network participants are as follows:

- 7 only buyer apps — Craftsvilla, IDFC, Meesho, Paytm, Kotak, Phonepe and Spicesmart shop
- 22 only seller apps — Bizom, Digiit, EkSecond, eSamudaay, eVitalrx, GoFrugal, Growth Falcons, Bitsila, nStore, ITC store,Seller App, uEngage ,Ushop, Magicpin, Alpino, Jajee, WoW, Ocean Cakes, Raining Dilli Foods, Sleepy Owl, Snapdeal and NDHgo
- 2 buyer and seller apps- Mystore, Eunimart
- 7 logistics providers — Delhivery, Dunzo, Grab, Loadshare,eKart, Shadowfax and Shiprocket

There are more than 100 entities that have initiated integration with ONDC with at least 41 of them in advanced stage.

Structure of ONDC

ONDC has the following technological components:



Source: ONDC Government Strategy Paper, CRISIL Research

ONDC consists of the main network, its services and other open networks:

- ONDC network (the dotted box at the centre in the above pictorial) comprises network participants who join as a buyer-side app, seller-side app, or gateway coming together to form the open network
- ONDC network services (on the right) show the common services that will enable participants to transact on the network and form the digital infrastructure offered by ONDC

Other networks (on the left) show other such open networks in other domains (for instance, open credit enablement network (OCEN), with which it can seamlessly interface)

Huge potential for buyer and seller apps on ONDC

Considering the multifarious applications already on the network, CRISIL sees a lot of potential for various players operating in similar sectors to get on to ONDC.

With IDFC First Bank and Kotak Bank offering buyer apps on ONDC, other 32 private and public sector banks may join the network as well. The opportunities that banks get on ONDC includes:

New channels: As it is an unrestrictive marketplace, ONDC creates a lot of new channels of retail and wholesale use cases. For example, IDFC First launched a grocery buying app for its customers on ONDC while Yes Bank is using a third-party offering, SellerApp, to provide more access to its micro, small and medium enterprise (MSME) clients on ONDC. This opens up access to customers, who were not able to leverage branches and online channels.

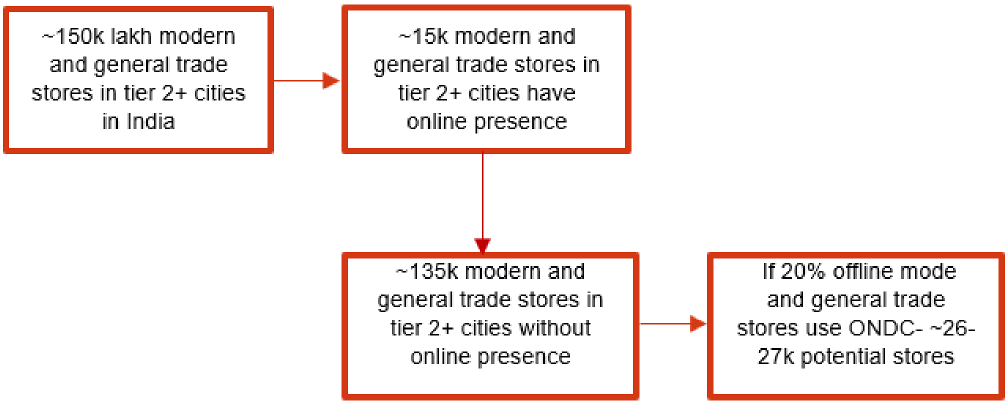
Data-driven banking: By widening their reach among both retail and MSME customers through ONDC, banks will get access to higher volume and granularity of data about customer behaviour. With every transaction happening through its payment network, a bank would get access to a customer's purchase trends, which would enable it to create personalised experiences and make relevant offers and loyalty programs for the customer.

Tech as service: Combination of buyer and seller apps will have banks to become tech stack providers, creating additional revenue from subscription or value-added services.

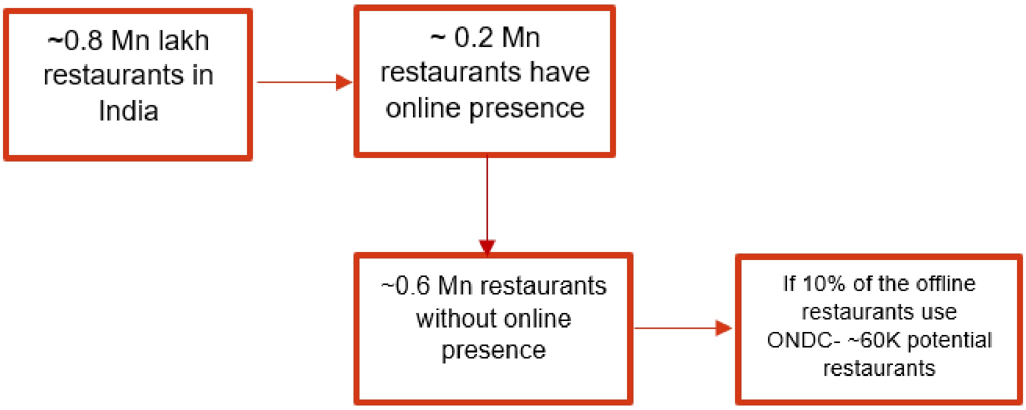
Fintech apps, such as Paytm and Phonepe, have joined the network as buyer apps. There are 2,200+ companies in India working in the fintech space across segments such as payments, insurance, lending etc. Given the possibilities that ONDC has to offer, all these fintechs are potential participants of the network. The various benefits fintech companies can get from ONDC include payment gateways in B2B and retail payments, reconciliation platforms, SME financing, retail lending, building credit history for thin file buyers, insurance services etc.

India has more than 19,000 ecommerce companies, ranging from horizontal ecommerce companies such as Flipkart and Amazon, which list multiple category products on their platform to vertical ecommerce platforms such as Ajio, Myntra which caters to a particular category of products. Craftsvilla and Meesho are already operating on ONDC as buyer apps. E-commerce companies and new direct-to-consumer brands will be able to access large consumer base spread across tier two+ cities and towns in India. These regions are home to majority of potential consumers who will become online buyers in the next five years.

ONDC holds high potential to impact F&B and Grocery market in India

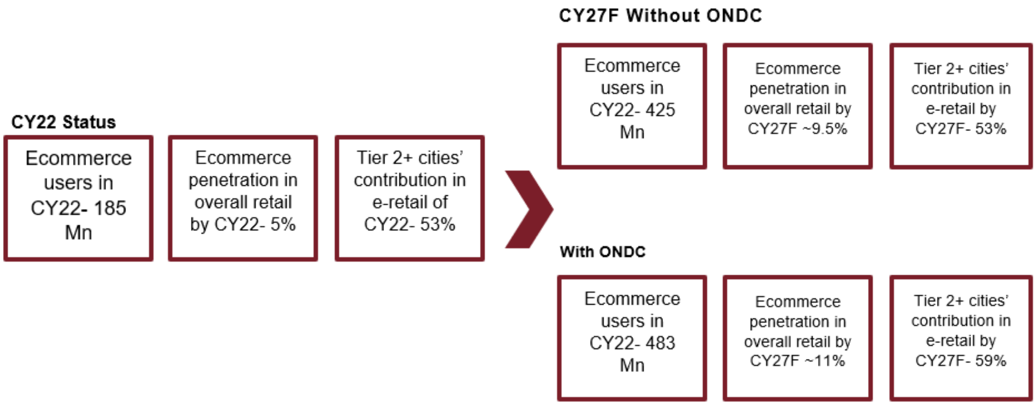


Over the next few years, many brands/entities are expected to join ONDC. In around 1.5 lakhs modern and general trade shops in tier two+ cities in India, about 15 k have online presence. This leaves around approximately 135k modern and general trade shops without any online presence. With increase in internet penetration and online payments, the owners of approximately 135 thousand would see potential of expanding their services online. Even if 10% of these owners will expand their business to online channel through ONDC, then potentially around 26-27 thousand stores would be listed on ONDC network.



India's food industry, too, has a lot of potential to grow through ONDC. With increase in wallet share on F&B spends and deeper internet penetration, approximately 0.2 million restaurant are active online as COVID-19, too, acted as a catalyst for restaurant owners hooked on to online platforms. About 0.6 million restaurants are still not listed on any of the top food aggregator apps due to high commission charges, heavy discounts on menu price etc. Potentially, they are likely to join the ONDC network to have an online presence. If 10% these offline restaurants list themselves on ONDC platform, then about 60 thousand restaurants would have online presence through ONDC.

ONDC can add 58 million users to ecommerce by 2027



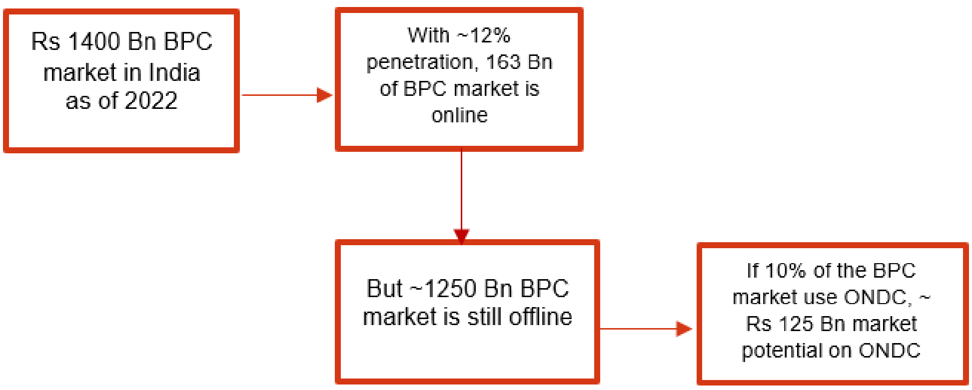
ONDC is expected to have a huge impact on the fast-evolving Indian ecommerce sector. Earlier, the sector was a metro and tier one city phenomenon. With the pandemic giving an impetus to online purchases by customers, tier two+ cities are it major markets.

To be sure, the digital shift had already begun in India's retail industry when the pandemic started. So, with the lockdown and restrictions on contacts, ecommerce got wider acceptance among both merchants and consumers. Also, high acceptance of UPI, vernacular apps and attractive offers from e-wallets made ecommerce highly lucrative for consumers in tier two+ cities.
Now, ONDC's open network for buyers and sellers, contribution of tier two+ cities in the ecommerce sector will increase further.

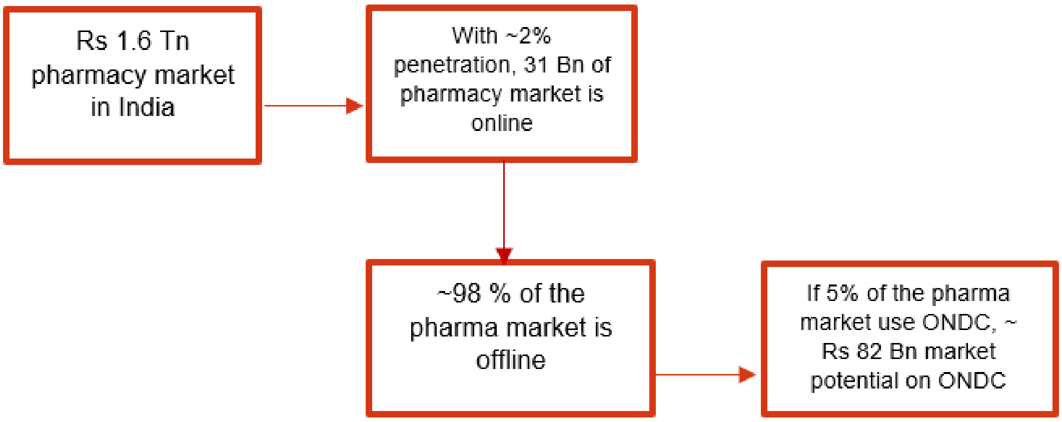
As more local restaurants, grocery stores, beauty stores etc get onboarded on the platform, consumers from the tier two+ cities will be able to shop local brands online. This will lead to better engagement between buyers and sellers boosting frequency of purchases.

Moreover, ONDC will make it convenient for consumers to compare price and quality sitting in the comfort of their homes.
Overall, we estimate ONDC has the potential to add 58 million users to ecommerce by 2027. This would increase India's ecommerce penetration in overall retail from 9.5% to approximately 11% and increase tier two+ cities contribution in the sector to about 59%.

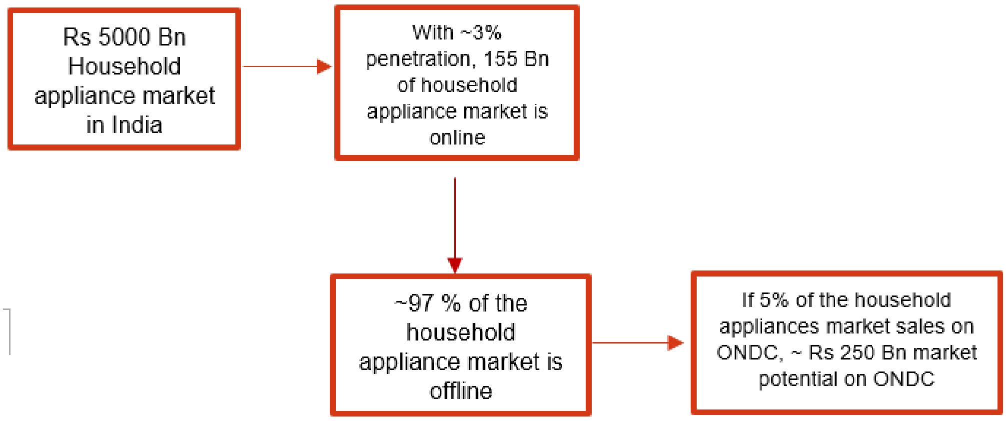
ONDC will create high impact across various sectors such as BPC, pharmacy, and household appliances markets in India



Currently, Beauty and Personal Care ("**BPC**") market in India is valued at ₹ 1,400 billion, out which around 12% i.e., ₹ 163 billion market is online due to increased online shopping penetration in tier two+ cities, continues investments in growth, rising adoption of e-commerce by gen-Z etc. With ONDC, the penetration of online BPC can increase further. As around 88% of BPC market in India is still offline, with even 10% of the offline BPC market goes online through ONDC, would result in additional ₹125 billion online BPC market.



Online pharmacy is highly underpenetrated in overall pharmacy market in India. With ₹ 1.6 trillion pharmacy market about 2% i.e., ₹ 31 billion comes from online pharmacy. ONDC can create a high impact in this space. With majority of growth in e-commerce coming from tier two+ cities in India, ONDC would accelerate the pace of online pharmacy with increased penetration in tier two+ cities. Of the current 98% offline pharma market, if ONDC acquire about 5% then ₹ 82 billion market of online pharmacy would be created on ONDC network.



India's household appliances market is valued around ₹ 5,000 billion. The online household appliance market is highly underpenetrated with only 3% of sales coming from online channels. With ONDC's network, if 5% of the offline sales goes online then about ₹ 250 billion market of household appliances would be created on ONDC.

OUR BUSINESS

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" of the Draft Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements on page 15 of the Draft Red Herring Prospectus. See also, "**Risk Factors**", "**Restated Consolidated Financial Information**", and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 1, 77 and 162, respectively, of this Second Addendum, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2020, 2021 and 2022 and for the nine months ended December 31, 2021 and December 31, 2022 included herein is derived from the Restated Consolidated Financial Information, included in this Second Addendum, which have been derived from our audited consolidated financial statements and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. For further information, see "**Restated Consolidated Financial Information**" on page 77 of this Second Addendum.*

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Protean eGov Technologies Limited on a consolidated basis and references to "the Company" or "our Company" refers to Protean eGov Technologies Limited on a standalone basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of large-scale IT infrastructure demand in India" dated December 2021 read with an addendum to the report dated April 2023 (the "**CRISIL Report**"), prepared and issued by CRISIL, appointed by us on May 12, 2021 and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at available at https://www.proteantech.in/disclosures-notice.html . The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. For more information, see "**48. Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report exclusively commissioned by and paid for by us for such purpose.**" on page 41 of the Draft Red Herring Prospectus . Also see, "**Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data**" on page 12 of the Draft Red Herring Prospectus.*

OVERVIEW

We are one of the key IT-enabled solutions companies in India (*Source: CRISIL Report*) engaged in conceptualizing, developing and executing nationally critical and population scale greenfield technology solutions. We collaborate with the government and have extensive experience in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions. We were originally setup as a depository in 1995 and created a systemically important national infrastructure for capital market development in India. We have been the chief architect and implementer for some of the most critical and large-scale technology infrastructure projects in India. (*Source: CRISIL Report*) We believe our solutions have led to identification of bottlenecks in government services, increased transparency and efficiency, redefined delivery of public services and led to a reduction in service delivery costs. We were among the leading Indian companies in the e-governance sector in terms of profitability, operating income, operating profit and operating profit margin in Fiscal 2022. (*Source: CRISIL Report*) We are a professionally managed company and are led by an experienced senior management team whose expertise and industry experience have helped us grow our operations and innovate our services.

Since inception and as of December 31, 2022, we have implemented and managed 19 projects spread across seven ministries and autonomous bodies ushering change in public delivery of services. Our primary engagement has been with following ministries:

We have been instrumental in establishing public digital infrastructure and creating e-governance interventions impacting multiple sectors of the Indian economy. Some of our key interventions include:

- Modernising the direct tax infrastructure in India through projects like Permanent Account Number ("**PAN**") issuance, the Tax Information Network ("**TIN**") including Online Tax Accounting Systems ("**OLTAS**").
- Strengthening the old age security system in the country by building the core IT infrastructure as a Central Recordkeeping Agency ("**CRA**") for the National Pension System ("**NPS**").
- Enabling the universal social security system for all Indians, particularly the workers in the unorganized sector by creating technology infrastructure as a CRA for the Atal Pension Yojana ("**APY**").
- Contributing to the India Stack, a set of application programming interface ("**API**") that allows governments, businesses, startups and developers to utilise a unique digital infrastructure to prepare solutions that are presence-less, paperless and enable cashless service delivery. We have also enabled the BFSI sector by providing Aadhaar-based identity authentication and e-Sign services, as a licensed certifying authority empaneled by the Controller of Certifying Authorities. We were appointed as a registrar for enrolling citizens for Aadhaar.
- Improving accessibility to education and skill financing through creation of efficient digital marketplaces enabling discovery of financial resources through platforms such as Vidya Lakshmi, and Vidyasaarathi.
- Contributing to and supporting open digital building blocks such as Open Network for Digital Commerce ("**ONDC**") for use-cases across sectors like e-commerce, mobility, healthcare, agriculture and education. We are one of the key and early contributors to the open source community and protocols that are powering ONDC. (*Source: CRISIL Report*)

In our experience, these projects have resulted in reduction of turnaround time by digitizing processes, ensuring better compliance with government policies and enhancing transparency by providing real-time reports and dashboards to stakeholders. For further information on our key projects, see " ***– Key Projects***" on page 63 of this Second Addendum.

Project-wise major highlights and our market share are as below:

Services	Major Highlights	Protean's Market Share
Service vertical: Public Finance Management System and Taxation		
Pan Issuance	Over 421 million PAN issued since commencement	46%
TIN	1.97 million deductors filed TDS returns electronically through TIN systems in Fiscal 2022	69%
Service vertical: Social Security (as of December 31, 2022)		
National Pension Scheme	15.89 million Subscribers AUM (₹ million) 80,07,559	97%
Atal Pension Yojana	43.82 million Subscribers AUM (₹ million) 252,097	100%
Service vertical: Aadhaar Stack and National ID (as of December 31, 2022)		
Aadhaar Authentication	Over 2155 million transactions	1%
e-KYC	Over 950 million transactions	7%
e-Sign	Over 240 million transactions	-

* *Source: CRISIL Report*

We have over the years successfully adapted to technology advancements through continuous investments in new technologies and capabilities and by developing sophisticated technology architecture. We have domain knowledge for various industries that allows us to develop functionalities that address specific requirements of end-users, businesses and public entities. While executing large and complex projects, we leverage our comprehensive program management expertise. Our clients benefit from our delivery model, significant experience across various technologies, industry knowledge, project management expertise and proprietary software engineering tools developed in-house.

Our business model has resulted in positive cash flows over the years and our cash flows from our operating activities were ₹ 535.10 million, ₹ 1,001.19 million, ₹ 942.69 million, ₹ 543.17 million and ₹ 494.15 million in Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, respectively. We have been profitable since Fiscal 1999 and have consistently declared and paid dividends since Fiscal 2001. The table below set out our key financial metrics for the periods indicated:

Particulars	Fiscal			Nine months ended December 31, 2021	Nine months ended December 31, 2022
	2020	2021	2022		
	(₹ million except percentages)				
Profit for the year/period	1,218.54	921.85	1,439.37	739.31	754.65
Revenue from operations	7,161.39	6,031.32	6,909.09	5,068.30	5,102.20

Particulars	Fiscal			Nine months ended December 31, 2021	Nine months ended December 31, 2022
	2020	2021	2022		
	(₹ million except percentages)				
ROE	16.17%	13.81%	18.27%	10.39%*	9.15%*
ROCE	20.64%	16.93%	22.91%	13.08%*	11.82%*

** on an unannulized basis*

We are a professionally managed company and are led by an experienced senior management team whose expertise and extensive industry experience has helped us grow our operations and innovate our services over the years. Our Shareholders include financial institutions such as NSE Investments Limited, IIFL, SUUTI, Citicorp Finance India Limited and certain public and private sector banks such as State Bank of India, Punjab National Bank, Union Bank of India, Bank of Baroda and Canara Bank, HDFC Bank Limited, Axis Bank Limited, Deutsche Bank A.G, The Hong Kong and Shanghai Banking Corporation Limited, Standard Chartered Bank, among others.

We have embraced an impact weighted framework to guide all business decisions with a focus on Environment, Social and Governance ("**ESG**") framework and committed to build a value system guiding us to contribute towards a sustainable and responsible future. We understand our responsibility towards the society at large and therefore, our business model focuses on the foundation of social capitalism. We are also cognizant of other important sustainability aspects and endeavour to continuously enhance our operations towards factors influencing ESG. An independent agency has been conducting comprehensive impact diagnostic assessment on an independent basis in the past few years and we have taken all reasonable efforts to incorporate their audit findings into our strategic planning process. The assessment by an independent agency helps us identify opportunities to improve further towards global and national sustainability goals.

STRENGTHS

Pioneer and market leader in universal, citizen centric and population scale e-governance solutions

We are among the few players in India which are working towards creation of open digital ecosystems. For example, we are one of the key and early contributors to the open source community and protocols that are powering ONDC. (*Source: CRISIL Report*) We are among India's top IT-enabled e-governance service providers in terms of profitability and operating income in Fiscal 2022. (*Source: CRISIL Report*) We continue to be a market leader in provision of e-governance services such as management of the TIN, PAN processing, NPS and Atal Pension Yojana. (*Source: CRISIL Report*)

We have demonstrable experience in implementing and managing population scale critical solutions, and since inception and as of December 31, 2022, we have developed and implemented 19 projects across seven ministries across India. We are amongst the few private players in India in e-governance space working towards the achievement of Digital India initiative and creation of open digital ecosystems by leveraging open source technologies, across variety of sectors such as e-commerce, mobility, healthcare, agriculture and education amongst others. (*Source: CRISIL Report*)

Our leadership trend and statistics for the last three Fiscals and the nine months ended December 31, 2021 and December 31, 2022 highlighting certain major projects are shown in the table below:

Particulars	As of and for the year ended March 31,			As of and for the nine months ended December 31, 2021	As of and for the nine months ended December 31, 2022
	2020	2021	2022		
PAN Cards sent to printer (million)	43.21	29.65	35.51	24.83	27.79
PANs Verified (million)	874.08	937.19	2,122.52	1,599.25	1,722.36
NPS – New Subscriber Base (million)	0.86	0.83	0.97	0.72	0.90
NPS – Cumulative Subscriber Base (million)	13.20	14.03	15.00	14.75	15.89
NPS – AUM (₹ million)	4,061,291.33	5,592,870.80	6,945,539.22	6,741,466.76	8,007,558.80
Atal Pension Yojana – New Subscriber Base (million)	6.19	6.91	8.23	5.35	7.54
Atal Pension Yojana –Cumulative Subscriber Base	21.14	28.05	36.28	33.40	43.82
Atal Pension Yojana – AUM (₹ million)	105,262.59	156,871.07	209,225.80	198,065.59	252,096.89
Aadhaar Authentication (million)	317.70	179.31	275.03	201.68	201.57
e-KYC (million)	86.83	91.05	174.41	126.26	157.54
e-Sign (million)	45.70	35.60	82.03	58.65	67.91

Secure, scalable and advanced technology infrastructure

We have made investments in technology platforms that in our experience have strengthened our competitive advantage, increased our operating leverage, ensured scalability and improved functionality while driving innovation. These investments have also helped us to provide our clients and other stakeholders with bespoke services.

Our market-first innovations have been consistently implemented across various sectors and products such as TIN in taxation, pilot infrastructure for GST which laid out the foundation for the roll-out for a unified tax accounting system in India. We are actively contributing to and supporting open digital building blocks using open source technology and protocols that powers ONDC for use cases in sectors like e-commerce, mobility and open finance. As of April , 2023, ONDC is live in 183 cities (with two cities, Bengaluru, Karnataka and Meerut, Uttar Pradesh in beta/test phase). (*CRISIL* Report) ONDC has onboarded more than 5,000 sellers across the country with 38 network participants gone live. These network providers are buyers', and seller applications and logistics providers. *(Source: CRISIL Report)*

We have developed scalable platforms by adopting a differentiated technology-centric approach focusing on increasing security and risk mitigation to help drive growth. Additionally, our platforms require limited capital expenditure to scale when we add new offerings or when volumes increase allowing us to offer seamless and efficient services to users. For example, under the TIN project, our secure and scalable infrastructure handled over 105,000 e-tax transactions per hour on days that we recorded the highest number of transactions in Fiscal 2020 that grew to 148,000 e-tax transactions per hour on days that we recorded the highest number of transactions in Fiscal 2022. On an average, we handled over 2.96 million and over 3.09 million PAN applications per month in Fiscal 2022 and in the nine months ended December 31, 2022, respectively.

To ensure scalability for our projects, we deploy techniques like multi-tasking, multi-threading, multi-processing, caching and use advanced automation tools, monitoring tools, backup methodologies and relational database management system. We have also adopted secure protocols that include multi-zone and three-tier architecture, 128-bit encryption, dual firewalls for core and perimeter and an intrusion prevention system. Logs for our firewalls and intrusion prevention system are reviewed in a timely manner with exceptions being escalated immediately.

Our uptime percentage, which measures the amount of time that a service is available and operational, has exceeded 99.00% in the last three Fiscals and in the nine months ended December 31, 2022. We conduct regular technology audits that are designed to identify weaknesses in our information technology infrastructure and to provide recommendations for how to improve it.

We have also implemented a business continuity management system to establish, manage, maintain and continually improve our business continuity capabilities. This ensures that our critical business functions are not impacted materially and continue functioning even during emergency events. Our TIN, PAN, NPS, Aadhaar authentication, e-KYC and GSP services are ISO/IEC 27001:2013 certified for their information management systems while CRA - Subscriber Services and Systems Infrastructure Workgroup has been appraised at Maturity Level – 5 of CMMI for services as per SCAMPI. In addition, our data centre at Pune, Maharashtra is Tier III certified. Our TIN and PAN processes comply with ISO 9001:2015 standards for quality management. We have a track-record of successfully implementing and managing large and critical applications and databases and developing solutions that offer operational efficiency and productivity through automation.

We conceptualize, design and develop our projects using open source and proprietary technologies featuring scale out architectures including performance and security monitoring systems based on Elasticsearch, Logstash, Kibana scripts, Ansible, service management tools, data loss prevention, endpoint security licenses some of which we have developed in-house.

Large physical infrastructure with pan-India network and scale resulting in inclusion

We have developed a pan-India service delivery network across India for various public and other services provided by us. Our service network has grown over the years and grew from 21,558 centres, as of March 31, 2020 to 53,948 centres, as of March 31, 2022 and we operated 68,430 centres, as of December 31, 2022. As of December 31, 2022, our PAN and TIN facilitation centres network was in over 12,524 PIN codes spread across over 718 districts in India, which covered over 65.00% of total PIN codes in the country. In addition, as of December 31, 2022, we covered over 26,000 nodal offices of the central government, over 262,000 nodal offices of state governments and had over 87,000 points of presence across India for the administration of the NPS.

As of December 31, 2022, we operated 6,831 TIN facilitation centres across 1,639 locations accepting various statements from tax payers including tax deducted at source, tax collected at source, annual information returns and statement of specified financial transactions through our network. We have expanded our TIN network from 5,791 TIN facilitation centres, as of March 31, 2020 to 6,553 TIN facilitation centres, as of March 31, 2022. Further, in order to expand our last mile geographical reach, we have entered into partnerships with distribution networks such as Nearby Technologies Private Limited, Fino Payments Bank Limited, Vakrangee Limited and Payworld Digital Services Private Limited among others.

Our digital touch points include our e-Sign, e-KYC, Aadhaar Authentication, e-PAN services. In Fiscal 2022, we handled over 82 million of e-Sign transactions and crossed 175.20 million e-Sign transactions cumulatively until Fiscal 2022. In the nine months ended December 31, 2022, we handled over 67 million e-Sign transactions and crossed 243 million e-Sign cumulative. We also generated 32.09 million e-PANs in Fiscal 2022 and 25.82 million e-PANs in the nine months ended December 31, 2022. Our mobile application for NPS has been downloaded over 8.00 million times, as of December 31, 2022 and our APY mobile application was downloaded over 3.80 million times as on December 31, 2022 (*Source: CRISIL Report*).

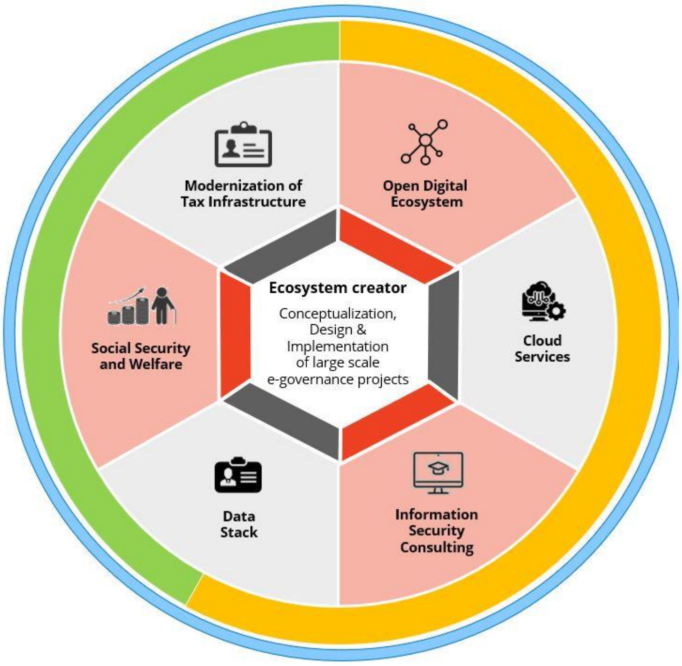
We believe that our technology infrastructure is designed to support the growth of our business and helps ensure reliability of our operations. In our experience, our omni-channel presence, in terms of physical presence and the quality of our technology infrastructure, allows us to offer significant value-add to our clients.

We believe that this large physical infrastructure assists in completing the digital journey of individuals who have limited or no access to technology infrastructure and helps us achieve certain of our sustainable development goals through greater inclusivity.

Diversified, granular and annuity based service offerings

Our diversified service offerings are spread across sectors such as tax administration, pension record keeping solutions, national identity and identity authentication solutions, education and skill financing solutions. Our offerings cater to multiple target groups and customer segments including businesses and retail consumers apart from the government, ensuring low concentration risk. For example, under business-to-business, we have implemented e-KYC and e-Sign as a service. While under business-to-consumer services we have PAN enrolment. Under business-to-government services we have services like TIN and NPS.

The following infographic provides the opportunities that we address across market segments:



A significant portion of our revenue generated from our offerings are based on per-transaction basis leading to substantial granularity and consequent stability in revenues. In Fiscal 2022, we carried out over 275 million Aadhaar authentications and over 174 million e-KYC transactions. In NPS, the number of subscribers were 13.20 million, as of March 31, 2020 and grew to 14.03 million, as of March 31, 2021 and further grew to 15.00 million, as of March 31, 2022 and were 15.89 million, as of December 31, 2022. Under the APY, the number of subscribers as of March 31, 2020, 2021 and 2022 and as of December 31, 2021 and December 31, 2022 were 21.14 million, 28.05 million, 36.28 million, 33.40 million and 43.82 million, respectively.

Track record of healthy financial performance

We have established a track-record of strong and consistent financial performance. Our technology driven operations and low operational costs have resulted in comparatively higher operating margins. We have been able to scale our technology platforms with limited capital expenditure and working capital to offer additional service offerings. The multi-term population scale projects we undertake ensure visibility of revenues and we generated ₹ 7,161.39 million, ₹ 6,031.32 million, ₹ 6,909.09 million, ₹ 5,068.30 million and ₹ 5,102.20 million, as revenue from operations in Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, respectively. Our profit for the year/period was ₹ 1,218.54 million, ₹ 921.85 million, ₹ 1,439.37 million, ₹ 739.31 million and ₹ 754.65 million in Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, respectively. Our Adjusted EBITDA was ₹ 1,477.50 million, ₹ 848.43 million, ₹ 1,238.34 million, ₹ 850.65 million and ₹ 834.78 million in Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, respectively, while our Adjusted EBITDA Margin was 20.63%, 14.07%, 17.92%, 16.78% and 16.36% in similar periods.

Our operations have been funded entirely by internal accruals since Fiscal 1998 and we are a debt-free company. Our business model has been profitable since Fiscal 1999 and have consistently declared and paid dividend since Fiscal 2001.

Metric	Fiscal			Nine Months ended December 31, 2021	Nine Months ended December 31, 2022
	2020	2021	2022		
	(₹ million), except percentages				
Profit for the year/period	1,218.54	921.85	1,439.37	739.31	754.65
Profit margin for the year/period(1)	17.02	15.28	20.83	14.59	14.79
Dividend Rate	100.00%	440.00%#	100.00%	-	-
Revenue from operations	7,161.39	6,031.32	6,909.09	5,068.30	5,102.20
Cash flows from operating activities	535.10	1,001.19	942.69	542.98	494.15
ROE	16.17%	13.81%	18.27%	10.39%*	9.15%*
ROCE	20.64%	16.93%	22.91%	13.08%*	11.82%*

Note:

(1) Profit margin for the year / period is profit for the year / period divided by revenue from operations as a percentage.

 # Includes interim dividend of 350.00%.

** on an unannulized basis*

Experienced senior management team backed by strong corporate governance standards and supported by marquee investors

Our experienced senior management team has been instrumental in the growth of our operations over the years with many of them being associated with our Company for over two decades. Their collective industry experience has enabled us to anticipate and capitalize on changing market trends, manage and grow our operations and leverage and deepen client relationships.

Our Managing Director and Chief Executive Officer, Suresh Sethi has over 30 years of experience and has worked in the financial inclusion space, leveraging fintech and digital led innovation. Suresh Sethi was formerly the managing director and chief executive officer of India Post Payments Bank, which is the single largest platform in India for providing interoperable banking services to customers of any bank. In his stints prior to India Post Payments Bank, he has worked with financial services companies such as Citigroup and YES Bank and Vodafone M-Pesa across India, Kenya, UK, Argentina and USA. He has held senior level positions at regional and global levels.

For his contributions to the financial services sector, Suresh Sethi has been recognized by The Asian Banker and is part of The Asian Banker's 'List of Leading Practitioners'. He was also recognized as the CEO of the Year (India Post Payments Bank) at the India Banking Summit and Awards, 2019.

Our Whole-time Director and Chief Operating Officer, Jayesh Sule, has been associated with the Company since inception in 1995. He is responsible for taking strategic decisions launching new businesses and oversees functional capabilities of our Company. During his career, Jayesh Sule has served as a member on several committees and groups, and represented the Indian delegation in the diplomatic conference to adopt a Convention on Substantive Rules for Intermediated Securities undertaken by International Institute for the Unification of Private Law or UNIDROIT.

Our Key Managerial Personnel have a track-record of executing large scale projects. We are guided by our Board, who evaluates the strategic direction of our Company, management policies and its effectiveness. The board ensures that long-term interests of all stakeholders are served. Members of our Board are associated with diverse organizations in India and collectively possess a mix of skills and attributes with significant experience in finance, accounting, legal, banking, technology and other related sectors.

We endeavour to maintain high standards of transparency, comply with applicable laws and regulations, conduct our business in an ethical manner and protect interests of all stakeholders. We continuously seek to adopt, implement and benchmark ourselves against global corporate governance standards. Our operations are structured in a manner that ensures operational efficiency with dedicated business heads for our key functions. To ensure high standards of corporate governance, we have five independent directors on our Board and have constituted a number of Board level committees. These include a Risk Management Committee that is responsible for formulating, implementing, monitoring and reviewing risk management plan to evaluate, monitor and mitigate operational risk in accordance with the Company's risk oversight and management policies. We also have a Corporate Social Responsibility Committee that is responsible for implementing our CSR objectives and a Nomination and Remuneration Committee that formulates criteria for determining qualifications, attributes and remuneration of the directors, key managerial personnel and other employees.

Our Shareholders include financial institutions such as NSE Investments Limited, IIFL, SUUTI, Citicorp Finance India Limited and certain public and private sector banks such as State Bank of India, Punjab National Bank, Union Bank of India, Bank of Baroda and Canara Bank, HDFC Bank Limited, Axis Bank Limited, Deutsche Bank A.G, the Hong Kong and Shanghai Banking Corporation Limited, Standard Chartered Bank, among others. We have and expect to continue to benefit from the strong capital sponsorship and professional expertise of our marquee shareholders. Our Shareholders have assisted us in implementing strong corporate governance standards, which we consider to be critical to the growth of our operations.

STRATEGIES

The outbreak of the pandemic has played a significant role in disrupting business models and the world has witnessed a rapid transformation on various fronts related to adoption of digitisation and consumer behaviour. This has in-turn triggered a chain reaction across businesses to mature their usage of digital technology and facilitated survival by carving a path to new and evolved digital centric sustainable models. Adoption of digital technology has accelerated in recent times regardless of size, sector and segment of business. Likewise, consumers have demonstrated an agility in adapting to digital mediums.

We believe there would be significant ramp-up in the adoption of digital technology as an interface for provision of citizen centric services. The Indian government has been focusing on widening the digital footprint in the country. There are several government initiatives, such as Passport Seva, DigiLocker, online public distribution system, UPI, and Aarogya Setu, which have earned universal accolades. (*Source: CRISIL Report*).

Equally monumental is the GoI's efforts towards creating a public digital infrastructure built on open source platforms and open standards. We believe this has led to creation of inter-operable and inclusive ecosystems for connecting and delivering a host of services across sectors. These services comprise a wide spectrum, ranging from financial inclusion, to universal healthcare, education, skilling and commerce. Examples include India Stack, built on the foundation of Aadhaar; Unified Payment Interface, bringing together banking and big technology; Open Credit Enablement Network ("**OCEN**") – democratising credit; the National Health Stack framework laying the rails for provision of universal healthcare through digitalization.

Being a technology service provider provides us with opportunities to expand and position ourselves as a thought leader and implementer of innovative technologies across Government and private sectors. We have also identified that there is a need to shift to a new service delivery paradigm that leverages shared technology infrastructure, derives insights from interoperable data systems to bolster user-centricity, and ensures adequate digital security. We believe that these innovative technologies and proposed service delivery model have the potential to unlock large-scale economic, societal, and governance value in diverse contexts and sectors such as agriculture, health, skill, e-commerce and mobility.

Diversify our offerings with a focus on new sectors

We have been involved at multiple nodes of the Aadhaar value chain starting from enrolments to digital transactions creating digital public infrastructure and providing enabling solution to the Aadhaar ecosystem. (*Source: CRISIL Report*) We intend to extend our experience in implementing large scale time critical and data intensive project like Aadhar to diverse sectors with the specific focus on health, education and agriculture.

We intend to leverage our capabilities as an ecosystem creator to conceptualize, design and implement large-scale e-governance projects. We intend to position ourselves as an enabler of digitalization to create sustainable public digital infrastructure across sectors and continue to invest in improving our existing technology systems or implement new, more advanced technology systems that may be developed. The sectors targeted are in the areas such as;

Healthcare. Healthcare is one of India's largest sectors, in terms of revenue and employment. The growth in the industry is supported by increased demand due to the COVID-19 pandemic and government initiatives like access-free drugs and diagnostics under the Ayushman Bharat programme, increased spending under healthcare, and increased penetration of insurance and increased awareness about regular health check-ups. With renewed impetus from PM Jan Arogya Yojana and government focus shifting to the healthcare sector, the healthcare delivery market is expected to clock ₹ 7.67 trillion in Fiscal 2025. (*Source: CRISIL Report*)

To provide a truly inclusive health ecosystem and access to healthcare, the Government of India has a vision to create a national digital health ecosystem under the National Digital Health Mission ("**NDHM**") initiative. This initiative supports universal health coverage in an efficient, accessible, inclusive, affordable, timely and safe manner leveraging on open, interoperable, standards based digital systems, and ensures the security, confidentiality and privacy of health-related personal information. (Source: *CRISIL Report*)

With our extensive service network, we intend to focus on various aspects of technology services in the health care sector such as enabling the ecosystem with Health IDs (ABHA IDs), enabling digitization and upload of health records, enabling download and viewing of electronic health records, clinic automation, practice management, tele-medicine, and vaccine administration and management. Specific solutions in these areas are intended to be built using latest and open source technologies in accordance with the NDHM vision which will enable us to remain ahead of the curve and to be competitive.

We have been empaneled by the Ministry of External Affairs, Government of India as one of the ITES companies capable of implementing COWIN as one of the IndiaStack modules in multiple overseas markets as a universal vaccination platform with additional health infrastructure capabilities to enable multiple use-cases for care seekers, care givers and health service providers.

Education and Skilling. India's education system is one of the largest systems in the world. With slightly over a half a billion under the age of 20 years, India has a large pool of students to target the infusion of technology related services. The digital education market is estimated to be worth about ₹ 200 billion to ₹ 210 billion in Fiscal 2022. The major factors driving the growth of edtech in the future are increasing penetration of ed-tech learning at home and schools, rising demand for skilling of corporate employees and higher education students, development of technology, rationalization in the prices of new-tech solutions. *(Source: CRISIL Report)*

The National Digital Education Architecture ("**NDEAR**") has been conceived by Government of India as a unifying national digital infrastructure to energise and catalyse the education ecosystem. It is federated, unbundled, interoperable, inclusive, accessible, evolving which aims to create and deliver diverse, relevant, contextual, innovative solutions that benefit students, teachers, parents, communities, administrators and result in timely implementation of policy goals. (*Source: CRISIL Report*)

Agriculture. The pandemic has imposed a difficult situation in front of farmers with challenges, such as shortage of farm labour, farming equipment and agri-inputs (seeds and crop protection products). This situation aided the agritech companies in the digital space to respond, and advance their penetration with thoughtful interventions. There has been an increasing trend to leverage various ecommerce platforms for last-mile delivery of essential agri-inputs to farmers. Additionally, farmers received crop-specific advisory, funding, and market linkages to buy their produce back from various agritech players. Such support in a crisis acted as a tool in winning the farmers' trust. (*Source: CRISIL Report*)

The Government has commenced the work for creating an agri-stack in the country. It is in the process of finalising the India Digital Ecosystem of Agriculture ("**IDEA**") which will lay down a framework for the agri-stack. The IDEA would help in laying down the architecture for the agri-stack in the country and that would serve as a foundation to build innovative agri-focused solutions leveraging emerging technologies to contribute effectively in creating a better ecosystem for agriculture in India. This ecosystem shall help the Government in effective planning towards increasing the income of farmers in particular and improving the efficiency of the agriculture sector as a whole. (*Source: CRISIL Report*)

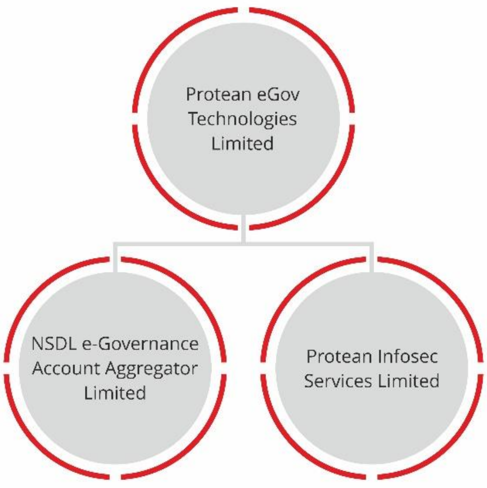
Our focus in the agri-tech space involves implementation of technology initiatives for creation of information interfaces enabling seamless access to farmer information and other agri-related data points for providing value added services. These services are inter-linked and considered essential for the overall development and profitability of the agriculture sector. (*Source: CRISIL Report*) We intend to leverage our existing competencies and investments in building blocks used in other open digital ecosystems for capacity building in agriculture and leverage other open platforms and protocols such as OCEN, ONDC and Beckn to create e-marketplaces and provide access to agriculture credits through a one-stop solution.

Building capability around data analytics, digital verification and due diligence

We have a track record of successfully implementing and managing large and critical applications and databases and developing solutions that offer operational efficiency and productivity. Leveraging on this experience, we intend to build core capabilities around data led businesses.

In the Indian market, IoT, artificial intelligence and big data are the strong drivers for data center investments. The Indian market is witnessing the adoption of a variety of IoT-enabled devices at a steady pace. The implementation of 5G network for mobile devices will aid growth of IoT and big data analytics. (*Source: CRISIL Report*)

In view of the above opportunities, we have formed two new subsidiaries as represented below:



These opportunities enable us to build on our strength of managing and monitoring large databases and build offerings around data led businesses such as;

Account Aggregator. Given the growing share of online transactions between 2014 and 2021 in the Indian financial services sector, the demand for analytical services is expected to increase. (*Source: CRISIL Report*) Therefore, another focus area for us is to provide account aggregator services to enable data collection for financial information users. To this end, we have incorporated our Subsidiary, NSDL e-Governance Account Aggregator Limited, as a regulated entity under the direct supervision of the RBI, for the account aggregation business and have received the certificate of registration dated January 9, 2023 from the RBI.

Account Aggregator ("**AA**") has the potential to disrupt the digital lending industry by allowing more people and businesses to access formal credit. By eliminating paperwork, AA enables lenders to have faster access to consented data from individual customers and small businesses, allowing them to assess credit risks and process more loan applications without jeopardising due diligence and security. (*Source: CRISIL Report*)

It can also reduce the rate of dropouts by customers in the loan application process by reducing the need for physical paperwork and creating a more hassle-free customer experience. (*Source: CRISIL Report*)

We intend to leverage our relationships with financial information providers such as banks, NBFCs, insurance companies and asset management companies to offer account aggregator and data analytics services that will help offer digitized financial services and promote greater financial inclusion. Under the AA framework, as a primary central recordkeeping agency for the National Pension System, we are now enabled as a Financial Information Provider ("**FIP**") to provide subscribers pension data to Financial Information Users ("**FIUs**") like Banks/NBFCs/lenders. According to the CRISIL Report, AAs will drive the next wave of fintech innovation, similar to the role played by UPI transactions in the online transaction space. Utilising this opportunity, we intend to design products based on AA solutions which can be used/procured by FIUs whereby the data fetched through us by the FIU can be decrypted and organised in the prescribed format at FIU end. The access to this data will only be with the FIU.

We intend to use technologies like artificial intelligence, machine learning, and advanced analytics to build intelligent AA solutions that deliver inclusion and can potentially evolve to provide services such as lending, wealth management and personal financial management that have, thus far, been availed of largely by the affluent strata. Leveraging on this consent-based ecosystem and our inherent data management skills, we also propose to build solutions around data led businesses.

Digital verification and due diligence. We have developed credible business intelligence solutions by consolidating our existing offerings like online PAN verification, e-KYC, GST verification and integrating with other such verification solutions and delivering products designed to identify frauds, make credit appraisal seamless and monitor financial transactions swiftly and securely. Our API's integrate with existing client systems to offer customizable solutions as per requirements.

A key focus area for us is to address the under-served lending market for micro, small and medium enterprises ("**MSMEs**"). MSMEs are among the significant contributors to the socio-economic development of the country as they are directly involved in the development of the rural and backward classes. (*Source: CRISIL Report*) According to the RBI's MSME Committee Report in 2019, only about 11% of the 63 million MSMEs in India had access to capital from organised lenders. (*Source: CRISIL Report*) With our expertise in addressing due diligence requirements through our business intelligence solutions we intend to provide due diligence services for credit providers through OCEN.

Cloud Services. According to NASSCOM, cloud computing market size was estimated to be approximately US$ 2.5 billion in 2018 and is expected to reach approximately US$ 7.1 billion – US$ 7.2 billion by 2022. In the Indian market, IoT and big data are the strong drivers for data center investments. The implementation of 5G network for mobile devices will aid growth of IoT and big data analytics. Further, digitalisation is driving the demand for cloud-based services in India. The adoption of advanced technological solutions that include IoT, big data and artificial intelligence increases the demand for cloud services across verticals. (*Source: CRISIL Report*)

We have experience in managing population scale IT enabled services which includes range of activities from owning and operating data centres, computer systems, platforms, applications and related customer services. We have setup cloud services with a view to extend our experience of managing infrastructure and data to enterprises and market as a whole. In August 2022, we launched indigenously developed 'Protean Cloud Services', an AI-powered private cloud offering for business enterprises. We provide advanced cloud infrastructure coupled with enterprise-grade security framework and governance. We have collaborated with Vigyanlabs Innovations Private Limited, a technology innovator in AI driven computing and holder of global patents, to roll out cloud services in India, including but not limited to Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS). We anticipate a large opportunity to expand our portfolio of cloud services to our existing corporate clients, particularly those in the BFSI segment.

Cyber Security. Accelerated adoption of digital consumption and more number of inter-connected systems has made organizations focus more on cyber security as a vital investment area. The market is mainly driven by e-commerce and other emerging online platforms. According to an analysis by the Data Security Council of India, the cyber security market in India is expected to grow from US$ 1.98 billion in 2019 to US$ 3.05 billion by 2022, at a CAGR of 15.6%. (*Source: CRISIL Report*) Our Subsidiary, Protean InfoSec Services Limited, provides services in areas relating to cyber security consulting, advisory, and assessment services in the field of IT security. We intend to focus on the consulting and advisory service models in the cyber security industry. We intend to cater to government organizations and small and medium enterprises with services such as Gap assessment, development of effective cyber security strategies, design / strengthen security architecture, security assessment, audit and awareness training. We also intend to help establish robust governance, risk and compliance processes and necessary cyber security policy development. In addition, we propose to provide focused consulting services for institutionalizing data privacy practice for organisations handling personal and sensitive personal information.

Expanding into newer geographies

Given our expertise in handling a range of IT/ ITES projects and our ability to provide diversified services and solutions, we intend to offer our services selectively in jurisdictions outside India. We will look to leverage our expertise of working and developing projects for the Indian government to similar projects in countries where we are currently evaluating projects. Considering this expertise, the Ministry of External Affairs, Government of India has enlisted our Company under its "Development Partnership Frameworks" to promote India's capabilities globally.

The Ministry of Health and Family Welfare, Government of India has made the CoWIN (an open source platform) available to different countries for managing vaccinations and has empaneled our Company as an IT Services firm for customization, implementation and roll out of CoWIN for countries.

We may also consider selective acquisitions and investments that will complement our existing infrastructure and service offerings.

Adoption of disruptive technologies and investment in open source solutions, protocol and networks

We recognize that we are evolving towards collaborative ecosystems and are striving to be one of the main contributors in creating and building 'Open Digital Ecosystems' across sectors which would be transparent, secure and enable a community of actors to unlock innovative, disruptive and transformative solutions for society, based on a robust governance framework. We believe that having such ecosystems would enable different parts of the government system (across centre, states, ministries and departments) and private entities to collaborate for service delivery and allow various players to build new services and solutions which will coexist in this ecosystem. We expect that the full potential of technology and community will be realized by using open APIs, open standards, open data and modular architecture, thus facilitating inter-operability and unlocking shared value.

With this vision and a clearly identified business potential, we have already invested in developing Centres of Excellence for open source technologies such as Sunbird, Beckn and OCEN, and would continue to focus and invest further so as to build and allow products and services which would be built for digital public good. We envision to be the main contributors and enablers in building sustainable and innovative technology solutions ensuring inclusivity, ease of access and fair pricing structure.

Digital marketplaces continue to operate in silos and prevent users the ability to operate over a single platform. To allow digital technologies to effectively serve users, it is vital that such digital ecosystems are created in a manner that integrate across networks and platforms. Accordingly, there is a growing requirement to create inclusive open digital networks allowing users to participate without access barriers. (*Source: CRISIL Report*)

The Beckn protocol is focused towards providing an open, inter-operable alternative to the closed, self-contained platforms that dominate the market space today. Beckn has published an open protocol specification which can help fostering better integration and improved usability by connecting various applications together in a collaborative and coherent digital ecosystem. Once implemented widely, it will allow businesses to be discoverable by consumers through commonly used applications. (*Source: CRISIL Report*)

Given the large volume of data that we handle, we have an end-to-end encryption and going forward intend to host our applications on an open platform. Our use of open architecture platform will ensure that our platform is agile and can be upgraded from time-to-time with minimal expenditure. It will also ensure inter-operability with systems and networks of our customers resulting in faster integration.

We have successfully participated in launching a pilot programme, the Kochi Open Mobility Network for the state government of Kerala to provide gateway services. We intend to approach other state governments to develop similar programmes and believe this will be potential source of revenue generation for us going forward. Further, our Managing Director and Chief Executive Officer, Suresh Sethi is a part of the advisory council which has been constituted by Government of India to advise the Government on measures needed to design and accelerate adoption of Open Network for Digital Commerce.

We are one of the contributors to the Sunbird open source community and have already made investments to explore all prospects and possibilities in creating various solutions across sectors such as education, skill, agriculture, health etc. in an endeavor to create ecosystems for digital good in India and globally.

In the skill space, we are working to leverage on the concept of National Open Digital Ecosystem ("**NODE**") as envisioned by the Ministry of Electronics and Information Technology ("**MeitY**"), in developing a digital infrastructure with governing protocols for the education and skills community to enable frictionless information and data exchange for skill development, deployment and enablement of the associated supply-chain.

This will be targeted to close the skills gap and help the Indian workforce upskill for jobs of the present and future.
We hope to continue to use the power of our products and platforms to build a more affordable and just future, and create economic opportunity for all stakeholders involved.

BUSINESS OPERATIONS

Key Projects

Tax Modernization

The GoI constituted a high powered committee comprising of ten prominent members from public and private institutions under the chairmanship of Dr. Vijay L. Kelkar, Advisor to the Minister of Finance and Company Affairs in September 2002 for modernisation of the direct tax infrastructure. The Kelkar Committee report submitted by the taskforce in December 2002 was the cornerstone for tax modernisation reforms in India.

The report mentioned that the availability of IT expertise and the presence of world class (common carrier) network systems developed by our Company could be relatively quickly deployed to make a systemic improvement in processes to reduce transaction costs. The committee believed that establishment of a tax information network could facilitate transactions, akin to securities markets, and establish secure and seamless logistics of tax collection through integration of primary information, record keeping, retrieval and enforcement.

Tax Information Network

The GoI entrusted our Company to incubate and implement the TIN in 2004, resulting in the creation of a consolidated electronic tax ledger for each taxpayer providing complete details of taxes paid and a 360 degree view of tax collected and deducted at source. We believe it has helped in modernization of the direct tax collection system, processing, monitoring and accounting of direct taxes and has made tax administration more effective, facilitated reconciliation, filing of TDS returns convenient, reduced compliance cost, improved turnaround time and increased transparency.

In order to provide universal access to all tax deductors, we established a pan India network of facilitation centres to facilitate the electronic filing of returns and provide assisted services to tax deductors. This network now comprises of 6,831 TIN facilitation centres, operational across 1,639 locations, as of December 31, 2022.

In Fiscal 2022, 1.97 million deductors filed TDS returns electronically through TIN systems.

As a part of TIN, we have setup the OLTAS. OLTAS is an online system for collecting, accounting and reporting of the receipts and payments of direct taxes from all kinds of taxpayers through a network of bank branches. The taxpayers' data flows from banks directly to TIN to reduce paperwork for tax credit and the validation system. The system is well placed to reduce taxpayer grievances and has been among the key e-governance initiatives undertaken by the Income Tax Department. (*Source: CRISIL Report*)

For empowering quality decision making, a separate OLTAS dashboard facility has been introduced through TIN for Ministry of Finance including the Finance Minister, senior functionaries of Central Board of Direct Taxes, Chief Commissioners and Commissioners of Income Tax Department across India, for monitoring direct tax collections on a daily basis. Along with the details of direct tax collection, the OLTAS dashboard also covers the details of paid refunds for both income tax and TDS. (*Source: CRISIL Report*)

*As of December 31, 2022, OLTAS has been implemented across nine tax collecting banks in India, covering over 12,040 branches**. In Fiscal 2022, we processed over 149,000 e-tax transactions per hour at peak volume.*

** *Due to migration of direct tax payment system from OLTAS to TIN 2.0 as on date there are only four tax collection banks (including RBI) under OLTAS in India, covering 9,667 branches*.

Various sub-processes such as processing of TAN (tax deduction / collection account number) applications, acceptance of annual information returns/statement of financial transactions and Form 24G statement were implemented as a part of TIN to ensure achievement of the goals envisaged for modernizing the direct tax administration. (*Source: CRISIL Report*)

PAN Services

The Income Tax Department, Government of India has authorised our Company to set up and manage PAN service centres for application processing, collection, verification of proof of identity and proof of address, PAN card printing and logistics management. To offer these services, we have established PAN service centres and TIN facilitation centres at various locations across India. We also offer the option of submitting application through our service centres or online through our website. In addition to allotment of new PAN, we also take care of reprint of PAN or/and changes or corrections in PAN data. Further, in order to expand our last mile geographical reach, we have entered into partnerships with distribution networks such as Nearby Technologies Private Limited, Fino Payments Bank Limited, Vakrangee Limited and Payworld Digital Services Private Limited among others.

Our nationwide network of TIN facilitation centres and PAN processing centres spread across India stood at over 68,000, as of December 31, 2022. Cumulative number of PAN application processed exceeded 421 million including 170.29 million e-PAN cards, as of December 31, 2022.

On an average in Fiscal 2022 and in the nine months ended December 31, 2022, we managed over 97,000 and 101,000 applications per day, respectively, and over 2.96 million applications per month in Fiscal 2022 on an average and currently as on December 31, 2022 hold a leading market share of 46% in this segment. (*Source: CRISIL Report*)

Online PAN Verification

The online PAN verification service was authorized by the Income Tax Department, Government of India to launch a verification service for PANs by authorized entities. Entities who avail this facility are 'investment advisors' approved by SEBI, housing finance companies, insurance companies, banks, financial institutions, educational institutions established by regulatory bodies, government agencies, stock exchanges, commodity exchanges and clearing corporations. (*Source: CRISIL Report*)

The online PAN verification facility has assisted in the development of strong due diligence and compliance mechanism needed for fulfilling regulatory as well as business requirements across the BFSI sector. (*Source: CRISIL Report*)

As of December 31, 2022, cumulative PANs verified through our online PAN verification system were over 7.25 billion. We achieved an peak volume of over 7.23 million transactions request in a single day in Fiscal 2022.

Impact Created

Assistance in policy making

- The OLTAS dashboard monitors direct tax collections and refunds on a daily basis and does away with the paper trail for tax credit and the paper validation system. (*Source: CRISIL Report*)
- We believe this has also led to increased transparency by financial transactions and thereby enabling development of improved credit ecosystems and policies.

Increased tax collection

- The digitalization, rationalization of processes as a part of TIN resulted in an increase in tax collection of around 28% year-on-year without any increase in tax percentage and also resulted in a substantial increase in tax compliance in the three years subsequent to implementation of TIN in the year 2004. (*Source: CRISIL Report*)

Elimination of Paper

- Prior to the modernisation of direct tax systems, the Central Board of Direct Taxes was inundated with truckloads of documents. Tax deducted at source (TDS) had to be paid through a select list of bank branches and the payers had to file TDS returns by giving details of tax deductions, deduction certificates issued and payment details. All these transactions resulted in large amount of paper documentation and made reconciliation extremely difficult. (*Source: CRISIL Report*)
- Streamlined tax related activities by introducing paperless and digital processes.
- The PAN verification process serves as one of the primary checkpoints across the BFSI sector in opening and operating accounts (corporate and retail), identification and tracking of high value transactions and is a systemically significant identifier recognised by various regulators, such as RBI and SEBI.

Transparency in governance
- Resulted in creation of a consolidated electronic tax ledger providing a holistic view of tax collected / deducted at source, refunds and high value expenditures.
- Enabled tracking of individuals and entity related financial transactions.
- Allowed tax authorities to combat the unlawful circulation of 'black' money and maintain track of the taxable base in order to manage budgets more efficiently. (*Source: CRISIL Report*)

Opportunities

Tax payer base increase

- India's young demography is expected to expand the taxpayer base. Over 60% of India's population is in the working age bracket of 15 years and 59 years, this is expected to further grow in the next decade. Individuals form approximately 95% of taxpayer base, which is expected to expand at a CAGR of 9% to 10% to reach 170 million by Fiscal 2025. (*Source: CRISIL Report*)
- India's per capita GDP expected to grow faster than global average. Higher income potential among individuals is

expected to expand the individual taxpayer base, which drives growth in allotment of PAN cards. (*Source: CRISIL Report*)

PAN issuance

- Current PAN data is about 612 million until Fiscal 2022 and 50 million to 60 million PAN cards are expected to be allotted annually till Fiscal 2027. (*Source: CRISIL Report*)
- Government schemes such as Pradhan Mantri Jan Dhan Yojana and Pradhan Mantri Mudra Yojana which requires PAN card as one of the proof of identity, would drive demand for new PAN card applications. (*Source: CRISIL Report*)
- Inclusion, lowering of limits of financial transaction which mandate quoting of PAN would further boost PAN card application and online verification of PAN. (*Source: CRISIL Report*)

Online PAN Verification

- Verification of PAN allotted by the Income Tax Department for availing financial services, government services would also increase in the coming years as new entities have been approved under various category. (*Source: CRISIL Report*)

We believe this provides multiple revenue opportunities across all our businesses in the space of tax administration and governance such as PAN issuance, online pan verification and TDS filing.

Central Recordkeeping Agency - National Pension System

Pension reforms in India were set out by the 'OASIS' Committee and culminated into the implementation of National Pension System by the Pension Fund Regulatory and Development Authority ("**PFRDA**") under directions of Government of India. To strengthen the old age security infrastructure in the country and to make India a pensioned society, unbundled architecture was established by PFRDA in 2007. (*Source: CRISIL Report*) We were appointed as a CRA after a selection process from among various institutions in the country. We believe we were selected based on our demonstrated experience in conceptualizing, implementing and managing similar large infrastructures across various projects.

Our responsibilities as a CRA commenced from December 1, 2007 and include establishing the IT infrastructure, handling administration and customer service functions for all subscribers of the NPS. We provide a unique and portable 'Permanent Retirement Account Number', maintain centralized records of subscriber details and provide reports and dashboards to various stakeholders for effective decision-making. Currently, we are the provider of NPS services to the Central and State Governments including their autonomous bodies and public sector banks. We have been recently awarded a perpetual license for operating as a CRA for the NPS.

NPS has provided an affordable and transparent pension system to the subscribers. The scope of NPS has widened and now it caters to the 'Three Pillars of Pension'. NPS offers its subscribers two kinds of accounts – Tier I and Tier II accounts. While a Tier I account, also known as a pension account, is the mandatory account, which has to be opened upon enrolment in NPS. A Tier II account is a voluntary savings account, which offers more flexibility in terms of deposits and withdrawals. With multiple features, returns, a service oriented and low-cost structure, NPS has become the preferred investment vehicle for a secured future. We believe that the uniqueness of NPS lies in the fact that the subscribers are given awareness regarding their investment options, allowing for informed decision making regarding investment of funds and also providing detailed information on the funds invested.

Over time, NPS processes have evolved from traditional and paper based processing to digital mode of processing. We believe this has empowered subscribers into performing various NPS related activities such as registration, contribution and managing investments on their own. Today, the entire NPS workflow from enrolment to exit from NPS can be done online, thereby reducing the dependency on any intermediary to a large extent.
NPS being available to all sections of the society today, every individual has the option of opening a retirement account. With the numerous features and benefits available to the subscribers, we believe NPS will be an attractive long term saving avenue along with tax efficiency to effectively plan retirement through safe and regulated market-based returns and we foresee that NPS will continue to grow and make India a pensioned society.

As part of our constant endeavour towards providing better and efficient services to stakeholders under the NPS, we have extended our role as a record-keeper. We have undertaken several initiatives including:

- Implementing subscriber awareness programs across India to increase awareness about NPS;
- Launched a YouTube channel "NPS ki Pathshala", a virtual NPS school that provides information on product as well as processes;
- Educating people on NPS through social media platforms (*Source: CRISIL Report*);
- Started a podcast channel – 'NPS ki Pathshala', an audio extension of the YouTube channel; and
- APIfication – Seamless processing by stakeholders.

Atal Pension Yojana ("APY")

To address the longevity risks of workers in the unorganised sector and to encourage them to voluntarily save for their retirement, the Indian government announced a new scheme called Atal Pension Yojana (APY) in the Union Budget 2015 – 2016. APY is administered by the PFRDA through the NPS architecture. We are the only CRA managing the infrastructure of the APY in India. (*Source: CRISIL Report*)

As of December 31, 2022, more than 400 banks and their over 171,000 branches are connected with our system to provide APY services.

These banks, termed as 'Service Providers' are the subscriber interface points. We also provide lead generation and e-APY services. The 'Gift an NPS/APY' account or pension concept is being popularised by us on social media platforms and we believe this will help increase the coverage of APY among the targeted sector.

In the past five Fiscals, NPS and APY subscriber base has grown at a CAGR of 28%. However, given the country's vast population both the pension schemes stand grossly underpenetrated. (*Source: CRISIL Report*)

As of December 31, 2022, CRA had more than 59 million NPS and APY accounts and we are the leading agency managing NPS with 97% market share in terms of NPS Subscribers and NPS AUM and 96% in terms of pension wealth i.e., more than 8 trillion AUM. (Source: CRISIL Report)

Impact Created

Strengthening old age security

- Enabled development of a sustainable and efficient voluntary defined contribution pension system in India. *(Source: CRISIL Report)*

Facilitating financial inclusion

- Reduced fiscal stress on government due to adoption of defined contribution model. *(Source: CRISIL Report)*

Assistance in policy making for social security infrastructure
- Better budgetary planning on pension expenses to be incurred by the government.
- Greater visibility with online information for monitoring.

Development of economy

- Mobilisation of funds into capital markets and insurance sector.
- Development of annuity markets. *(Source: CRISIL Report)*

Opportunities

- Buoyant as India's demographic profile appears today, the median age of its population is expected to increase to 38 by 2050 from 28 as of 2020. The population of the elderly – or those aged 60 and above – is expected to increase by approximately 180 million by 2050, at a CAGR of 2.8%. In the next three decades, share of elderly will double. Increasing elderly population, calls for better retirement planning thereby making NPS a suitable avenue for pension support. (*Source: CRISIL Report*)
- We believe that the recent increase in entry age in NPS may attract more subscribers who may shift their SAF corpus to NPS as exit options under NPS are more flexible. Further, we believe that the increase in exit age till 75 years will result in increase in the enterprise value of each account as the association of each Subscriber with us will be for a longer period.
- The APY has found traction right from the beginning. As the unorganized sector has a huge workforce, the number of APY subscribers is now double that of the NPS. However, given the country's huge population (the second largest after China) both the pension schemes stand grossly underpenetrated. (*Source: CRISIL Report*)
- With the increase in private sector jobs and a steady rise in inflation and average lifespan, demand of pension plans has risen over the past few years. (*Source: CRISIL Report*)
- Considering the lack of social security net for most of the employed and the looming risk of under-funded retirement, the Government has tweaked the product several times to make it more attractive. (*Source: CRISIL Report*)
- With increasing awareness of retirement products among the youth, we believe that NPS poses potential to penetrate further from current levels. Widespread promotional activities are being carried out by PFRDA and NPS Trust for spreading awareness to increase NPS penetration with the intention to make social security coverage in India in line with developed countries. One such major activity was 'NPS Diwas' that was observed on October 1, 2022. The aim is to cover all eligible citizens under a pension scheme to fulfil the vision of a pensioned society for India. We believe that such promotional activities could also lead to joining of more subscribers under NPS and APY.
- Recent introduction of systematic investment plans and same day NAV in NPS and liquidity of Tier II makes it competitive.
- In our experience, being the CRA for both NPS and APY, subscribers would prefer to open NPS and APY accounts with

us.

National Identification

Aadhaar

The implementation of the Aadhaar has led to a revolution in authentication and consequently in monitoring and security, credit ecosystems, payment systems and direct benefit transfers. We were appointed as a registrar by the Unique Identification Authority of India to facilitate registration of residents for Aadhaar. (*Source: CRISIL Report*) As a registrar we carried out more than 90 million Aadhaar enrolments, as of January 30, 2019. However, our engagement under this project was concluded in Fiscal 2019 and has not been renewed further.

Aadhaar Authentication / e-KYC Services

e-KYC process often referred to a paperless KYC, is the process through which verification of customer credentials are done electronically. In India, e-KYC process norms are laid down by Reserve Bank of India. e-KYC services are majorly used in situations where service providers need to verify the authenticity of details provided by the customer. In addition, to support digital payments and increase the financial inclusion in rural part of nation, Government of India has introduced Aadhaar enabled payment system through which one can use Aadhaar linked bank account to process the transaction. (*Source: CRISIL Report*).

As a part of the Aadhaar enablement ecosystem, we function as an authentication agency and provide comprehensive e-KYC services based on Aadhaar. In Fiscal 2022, Aadhaar authentication transactions carried out by us were 275.03 million and for the nine months ending December 31, 2022, the transactions were 201.57 million. While, e-KYC transactions in Fiscal 2022 stood at 174.41 million and 157.54 million for the nine months ending December 31, 2022. Multiple clients including government institutions and departments, banks and NBFCs, payment companies and insurance companies have used our services to fulfil their e-KYC and authentication processes.

e-Sign Services

Enablement of electronic signatures is critical for end to end digitisation of documentation processes across various sectors facilitating paperless operation. Electronic signature ("**e-Sign**") is a service through which electronic signing of documents can be done in an easy, efficient and secure manner. *(Source: CRISIL Report)*We have been empaneled by the Controller of Certifying Authorities of India as a licensed 'Certifying Authority' and e-Sign Service provider.

During the Fiscal 2022, we generated over 82 million e-Signs while for the nine months ending December 31, 2022, we generated over 67 million e-Signs.

Impact Created

Financial Inclusion

- Enabled financial inclusion in the country and Aadhaar based services including e-KYC, e-Sign and others have assisted in India's shift from being a cash-dominated economy to a digital one.
- With issuance of Aadhaar and Jan Dhan, Aadhaar and mobile, the government improved its focus to provide easy access of banking facilities and enhance ability to digitize transactions. This expanded use of digital payments by the government for welfare and served as the launchpad of the reform of direct benefit transfer. (*Source: CRISIL Report*)

Transparency in Governance

- Ensured accurate targeting of the beneficiaries by reducing frauds.
- Enabled portability and eliminated diversion of Public Distribution System benefits, reduced manual intervention, faster delivery of LPG cylinders, and facilitated access to digital services of the government. (*Source: CRISIL Report*)

Digital financial transactions

- Seamless authentication and e-KYC services have led to a growth in the credit economy through simple and easy authentication processes based on Aadhaar. (*Source: CRISIL Report*)
- e-KYC being an electronic based authentication system, reduces the necessity of managing documents as in paper based authentication system, leading to a reduction in carbon footprint.
- Financial institutions are currently using e-KYC and e-Sign in order to process various services such as account opening, credit disbursal and on-boarding new employees. (*Source: CRISIL Report*) In our experience, this service enhances the ease of doing business as it improves the customer and vendor on-boarding process and perform online transactions with ease and also reduces cost involved and fastens the turnaround time for processing of services.
- The implementation of the Aadhaar has led to a revolution in authentication and consequently in monitoring and security, credit ecosystems, payment systems, and direct benefit transfers. (*Source: CRISIL Report*)

Opportunities

- With bank accounts, driving license and mobile phone linked, an Aadhaar card is the most important identification card in the country and the usage of the same is expected to increase in the coming years. Since inception of the digital India initiative where Aadhaar is the cornerstone the government has been consistently scaling the initiative, increasing the outlay to ₹ 115.4 billion for Fiscal 2024. The constant push for this initiative from the government is expected to continue thus the usage of Aadhaar related services is expected to grow in the future. (*Source: CRISIL Report*)
- Direct benefit transfer schemes have leveraged the Aadhaar stack to enable direct credit of subsidy into beneficiary accounts eliminating leakages. (*Source: CRISIL Report*)

Education and Skill Financing Solutions

In our quest to promote sustainable development through various innovative technology solutions one of our areas of focus has been to bring about inclusivity in education. In most of the developing countries only a small percentage of the education funding is attributed to external funding mechanisms but access to these initiatives are limited. Therefore, even though basic educational qualifications hold a lot of importance while determining career prospects –fulfilling the aspiration of specializations and upskilling comes with a huge financial burden. Courses from top colleges and universities need more than just talent. Understanding this inherent need for inclusivity and the important role of funding in education in promoting this inclusivity, we have developed multiple funding avenues including digital marketplaces across education and skilling.

Under the ambit of the Pradhan Mantri Vidya Lakshmi Karyakram, we launched an education loan aggregation portal called Vidya Lakshmi that helps students apply for education loans to multiple banks using a common application form. This portal has been developed under the guidance of Department of Financial Services, Ministry of Finance, Department of Higher Education, Ministry of Education and the Indian Banks Association. Various banks have been integrated with the portal. The platform provides a common education loan application form for students and also facilitates access to banks to process applications made by students for education loans. Through Vidya Lakshmi, students can also track their application status and also communicate online with banks. The system also allows monitoring and analysis of the portal by various stakeholders including Central Government.

Since the launch of the portal on August 15, 2015, the facility of online submission of education loan applications is available in respect of 40 banks which have registered 76 educational loan schemes on the Vidya Lakshmi portal and more than 3.2 million students have registered on the portal, as of December 31, 2022.

Another offering in the education sector is Vidyasaarathi, a technology-enabled initiative by our Company that helps manage the entire online scholarship management, from submission and review of application, award of scholarship to the disbursement of funds. Student community can search and apply for various education finance schemes they're qualified for. Vidyasaarathi can be used by fund providers, industries, and corporate entities to promote education by designing and managing education finance schemes to disburse their CSR fund in higher education.

More than 1.4 million students are registered on Vidyasaarathi portal and 46 corporates have disbursed scholarships as of December 31, 2022.

Other Projects

<u>Sunset Project - Vidya Kaushal</u>

In the skilling sector, Vidya Kaushal platform developed by our Company for the National Skill Development Corporation enables any student to apply for financial assistance / loan to pursue Skill development training courses. This unique skill platform aims to provide truly seamless access to skill loan funding aligned with the national vision of developing a skilled India, which, we believe will help in creating greater employment opportunities and employable skills. We believe that our offerings have not just led to efficiency in operations through creation of various service platforms but have also resulted in greater financial inclusion in education and skilling.

<u>National Judicial Reference System ("NJRS")</u>

The NJRS was developed by our Company for the Income Tax Department. It is a platform for decision support and timely actions in direct tax cases. NJRS acts as a tool to achieve efficiency in the tax litigation process of Income Tax Department and is a repository of tax judgments. It is a single accumulated reference of all final judgments and orders of the Income Tax Appellate Tribunal from the year 2012 and High Courts and the Supreme Court of India from the year 2009 and all legacy judgments.

NJRS provided a mechanism to manage appeals and judgments through:

- Appeals Repository and Management System ("**ARMS**"): ARMS is an online repository for all pending appeals at Income Tax Appellate Tribunal, High Courts and the Supreme Court.

- Judicial Research and Reference System ("**JRRS**"): JRRS is a repository of judicial orders as a single, indexed, searchable, cross-linked, database of judgments and orders of Income Tax Appellate Tribunal, Authority of Advance Ruling, High Courts and the Supreme Court.

The contract for the NJRS came to an end on November 30, 2020.

Workflow Approval Management System for Central Board of Film Certification ("CBFC")

We have been engaged by the CBFC, Ministry of Information and Broadcasting, Government of India as the 'Implementation Agency' for the design, development and maintenance of workflow approval management system, online film certification application processing system and the CBFC website. This system enables applicants to submit film certification requests online along with necessary supporting documents, make payment of processing fees online, upload the film to be certified and view the status of their certification requests online. It also provides a workflow management system for departmental officials enabling them to carry out scrutiny of applications, scheduling of film screening, screening of the film, and issuance of film certificate and other procedures associated with the certification process.

Impact Created

The system developed and managed by our Company has assisted in digitizing the process carried out by the applicant as well as CBFC officials.

GST Pilot Implementation

We were selected as a technology partner for incubating the National Information Utility that operates the IT backbone for GST and we set up a pilot portal in collaboration with 11 states to roll it out across the country.

Under this engagement, we undertook the following activities:

- Conducted 'As-Is' study of the state IT infrastructure;
- Developed a tax registration module:
  - Existing tax payer data migration from centre and states databases;
  - New tax payer registration; and
  - Amendments of tax payer registration details.
- Developed a tax payment data upload module;
- Developed a tax payer returns acceptance module;
- Provided reports;
- Prepared a Detailed Project Report for a full scale GST implementation

The report prepared by our Company was based on the information collected while studying the states/ union territories systems including their existing IT infrastructure and business processes followed in commercial tax departments. It also includes information on the identification of system gaps and process with respect to the proposed GST common portal and the best practices which can be followed.

The GST pilot system developed had modules integrated including tax payer registration, GST returns, payment of taxes, generation of dealer ledgers, matching of transactions and a dashboard for revenue authorities which was tested by state/union territory VAT dealers and commercial tax department officials.

GST Application Service Provider ("ASP") and GST Suvidha Provider ("GSP") services

We were selected by the Government of India to incubate the National Information Utility for a GST pilot project in 2011 that was successfully implemented. In 2017, we were appointed by the Government of India as a GSP as well as ASP for facilitating GST compliance by dealers. As a GSP, we provide a variety of services including GST verification and GST tax filing. Dealers are able to file GST returns online or by visiting facilitation centers.
ASP service has been discontinued with effect from December 31, 2021.

Revenue Management System ("RMS")

We have designed, developed and hosted a centralized RMS called '*SARAS*' for the Department of Telecommunications, Government of India ("**DoT**"). This system enables the government to collect non-tax revenues. We believe, RMS enhances delivery efficiency with standardizing existing process by improving customer service and user experience for stakeholders. *SARAS* has been conceptualised and designed for use by all licensees across India for all transactions and communications with DoT across the life cycle of the license, including submission of adjusted gross revenue and related documents, submission of deduction claims and related documents, license fee and spectrum user charges payments, bank guarantee related submissions, receipt and response to various notifications and notice, including deduction verification related show cause notices, license fee and spectrum user charges demand notices, bank guarantee related notices as well as submission and response to representation and grievances, thus ensuring:

- Direct online interface of licensees with the DoT;
- Online filing and document repository of all compliance related documents, including adjusted gross revenue statements, deduction claims, bank guarantees, representations, deduction verifications, assessment reports and demand notices;
- Online scrutiny and verification of documents submitted by licensees;
- Online license fee and spectrum user charges assessment and digitization of demand notices;
- Online deduction claim submission and verification and communication with licensee;
- All department orders/guidelines built into process flows/business logics;
- Notifications to licensee and departmental users through email and SMS;
- Online assessment of non-adjusted gross revenues based license also built in SARAS;
- Online submission and response to representations/grievance of licensees;
- Integrated with Bharatkosh for one-stop payment portal for all licensees; and
- Online real-time tracking of demand notices and bank guarantee notices

Impact Created

Prior to the implementation of SARAS:

- Licensees used to submit all the compliance documents in physical form;
- For making payments under various heads, licensees were separately registered on Bharatkosh, the payment made on Bharatkosh had to be manually linked to respective compliance records;
- All documents were required to be submitted to the respective Controllers of Communication Accounts ("**CCA**") offices in person;
- DoT/CCA officials were required to create and maintain assessment records in physical form.

We believe that the computerised system developed and managed by our Company has overcome these hardships and all processes are now carried out, both, by the licensee as well as DoT/CCA officials online. In our experience, this has resulted in reducing turnaround time of compliance requirements and the process becoming transparent and reduced the requirement of storing records in paper form to a large extent.

Network Infrastructure

In keeping with the huge and diverse demographic needs of our country we have enabled a "phygital" (Physical + Digital) model for enabling last mile reach. We have been at the forefront of enabling the e-governance infrastructure of the nation, and at the same time we have a pan-India physical network of over 155,000 centres which includes over 68,000 PAN and TIN facilitation centres and over 87,000 points of presence, as of December 31, 2022, across our various offerings to provide "assisted services" to citizens who are digitally excluded.

Services	Number of Centers*
Facilitation centers for PAN, TAN, TDS processing	Over 68,000
Point of Presence for NPS	Over 87,000
Nodal Offices for NPS	Over 26,000 (Central Government); and Over 262,000 (State Governments)

** As of December 31, 2022.*

All our centres are secured with advanced technology infrastructure and internal controls with auditable processes allowing for complete tracking and transparency in the system.

Growth Enablers

Technology is expected to play an important role by progressively reducing the cost of reaching out to smaller markets. The volume of digital transactions has also seen a surge in the past few years. Apart from financial services industry, digitisation in other industries will also play an important role in growth of economy. COVID-19 has been a significant challenge in decades but has also led to acceleration of digital adoption across industries. (*Source: CRISIL Report*)

India had 851.0 million internet subscribers in the first half of Fiscal 2023, making our country one of the largest and fastest-growing markets for digital consumers. However, adoption among businesses is uneven. As digital capabilities improve and connectivity becomes omnipresent, technology is poised to quickly and radically change nearly every sector of India's economy. This is likely to create significant economic value and also change the nature of work for tens of millions of Indians. (*Source: CRISIL Report*)

Over Fiscal 2023 and Fiscal 2027, CRISIL Research expects domestic IT services' revenue to log a CAGR of 7% - 9%. The growth will be led by technology and platform upgradation, and e-governance initiatives of the central and state governments. (*Source: CRISIL Report*)

With the increasing digitization of the economy with improvement in infrastructure such as the recently launched 5G network, we expect there to be an increase in the adoption of our offerings by clients and end-users. We intend to continue to invest in improving our existing technology systems or implement new, more advanced technology systems that may be developed. As part of our service offerings, we endeavour to provide solutions that offer better operational efficiency and higher productivity through automation. Going forward, we intend to further enhance our digital platforms, build industry and technology frameworks, implement IoT-based solutions, deploy block chain, artificial intelligence and engage in business process digitalization and build end-to-end digital transformational delivery capabilities. For business process digitalization, we plan to further develop automation tools providing greater value-added propositions to our clients to bring about business processing and cost efficiency for them. We have established business relationships with a number of players in emerging technologies sectors and, in addition to our existing capabilities, such relationships will further enable us to develop more value-added proposition to our clients.

Further, we also aim to broaden and deepen the integration of sustainability-related aspects into our operations and have a defined ESG framework that guides our business. An independent agency has been conducting comprehensive impact diagnostic assessment on an independent basis in the past few years and we have taken all reasonable efforts to incorporate their audit findings into our strategic planning process. The assessment by an independent agency helps us identify opportunities to improve further towards global and national sustainability goals.

Technology Infrastructure

Our solutions are predominantly deployed on linux/unix platforms in a virtualized environment hosted on commodity X series system and power series systems, with equal capacity at both primary and disaster recovery site. Our services include secured data, and its lifecycle management. Our storage systems range from high-speed flash / solid-state drive storage, mid speed point-to-point serial protocol storage, low speed near line storage and bunch of disk storage. We deploy enterprise-class storage systems as well as software defined storage.

Below are certain technologies and controls that are deployed by us;

- Perimeter security controls including firewall, web application firewalls, routing controls, secured switch configurations and anti-distributed denial of service solutions.
- Mobile Device Management – Mobile device management solutions allow administrators to enforce policies on smartphones enabled for access to office emails and data. This facilitates our administrator to remotely wipe data from smart phones and block access to critical data, if a mobile device is compromised, misplaced, lost or stolen. The intent is to reduce any possible breach of data confidentiality.
- Data Loss Prevention ("**DLP**") solutions detect and prevent leakage and exfiltration, of sensitive data from out endpoints either by human error or willful act. Realtime alert is triggered if any such incident occurs. This mechanism operates regardless of the endpoint connected on corporate network or not connected.
- Endpoint Security – Next generation threat detection and response solutions against a growing variety of threats, including file-less and ransomware that provide endpoint protection. In addition to disk encryption enablement, endpoints are hardened by disabling unnecessary services such as USB and administrator rights.
- Privileged identity and access management solutions supported by two factor authentication, that restrict user to access critical systems as well as monitors and records the activities performed by users with privileged rights.
- We deploy security assessment tools and engage services of security experts, for carrying out vulnerability assessment and penetration testing on periodic basis ensuring that the vulnerabilities are identified and fixed. In addition, application security testing is conducted to ensure that applications are safe to use. Our endeavour has always been to eliminate all exploitable security issues from infrastructure systems and application systems within the agreed and accepted timeframe.
- The organisation has a dedicated team of expert analyst for Security Operations Centre ("**SOC**") that monitors and responds to security incidents 24/7. The primary objective of the SOC is to monitor various digital assets on real-time basis and trigger remedial action through resolver team to mitigate any such attempts. In addition SOC is also responsible for integrating Threat Intel Feeds and Threat Hunting of any such incident.
- We deploy various tools and techniques to manage and maintain our systems following ISO standards for Information Security Management Systems, service and business continuity. We also implement various measuring and monitoring tools and orchestration tools to manage and maintain these systems.

We follow open source first policy. We learn, experiment and adopt open source technologies to the extent possible as long as they do not compromise quality of delivery. Enterprise class licensed software is used wherever found suitable and appropriate.

Certifications

ISO 27001:2013 Certification (Information Security Management Standard)

We hold ISO 27001:2013 certification for our TIN, PAN, CRA, Aadhaar authentication and e-KYC services and GST projects.

ISO 22301:2012 Certification (Business Continuity Management Standard)

We are committed to deliver services to customers on a continuous basis and without interruption. We have implemented Business Continuity Management System ("**BCMS**") standard, ISO/IEC 22301:2012 to establish, manage, maintain and continually improve business continuity capabilities/practices for our CRA – NPS project. An organization structure comprising of cross-functional teams has been identified to ensure BCMS implementation is effective. We carry out periodic testing of our business continuity plans.

ISO 20000-1:2018 Certification (IT Services Management Standard)

For effectively meeting the SLA requirements of the Pension Fund Regulator and Development Authority of India, our Company has adopted ITSM (Information Technology Service Management) framework for Central Record Keeping Agency System (National Pension System). The ITSM policy objectives focus on customer satisfaction, leveraging of latest technology, alignment of business needs with IT services and maintaining domain expertise and productivity of people above defined benchmark levels. The importance of service quality and its continual improvement is accorded due importance to ensure and enhance customer experience. ITSM helps to identify areas for improvement in services delivery and support.

ISO 9001:2015 Certification (Quality Management Standard)

Considering the nature of services offered by our Company and the volume of transactions we handle, maintaining high service quality on a sustained basis is paramount. Towards this objective, our Company has implemented ISO 9001:2015 standard for quality management for our TIN and PAN processes.

ISO/IEC 27018:2019 Certification (Information Technology Security Standard in Public Clouds)

We comply with ISO/IES 27018:2019 standard and hold a certification for providing cloud computing services as "Protean Cloud" including Infrastructure as a Services (IaaS), Platform as a Services (PaaS), VPS and managed support services.

ISO/IEC 27017:2015 Certification (Information Technology Security Standard in Public Clouds)

We comply with ISO/IES 27017:2015 standard and hold a certification for providing cloud computing services as "Protean Cloud" including Infrastructure as a Services (IaaS), Platform as a Services (PaaS), VPS and managed support services.

ISO/IEC 20000-1:2018 Certification (Information Technology Service Management Standard)

We comply with ISO/IES 20000-1:2018 standard and hold a certification for providing cloud computing services as "Protean Cloud" including Infrastructure as a Services (IaaS), Platform as a Services (PaaS), VPS and managed support services.

ISO/IEC 27001:2013 Certification (Information Security Management System Standard)

We comply with ISO/IES 27001:2013 standard and hold a certification for providing cloud computing services as "Protean Cloud" including Infrastructure as a Services (IaaS), Platform as a Services (PaaS), VPS and managed support services.

Capability Maturity Model Integration ("CMMI")

We are certified as CMMI for Services - Level 5 for CRA – Subscriber Services and CRA Systems Infrastructure in March, 2020. At this level, processes are systematically managed by a combination of process optimization and continual process improvement.

TIA942 rated 4 Certification

Our disaster recovery site is hosted in Bengaluru, Karnataka and is a TIA 942-B rated 4 certified facility. Certain key features of the facility include failsafe operation, protection against natural or human made disasters, and long-term reliability, expandability and scalability uptime SLA of 99.995% assured by the service provider.

Awards

Our contribution to the e-governance space at a national level has been recognized by the Government of India and governmental agencies, as well as the industry.

We emerged as the winner in the category "*Innovation in Digital Infra*" at the 13th Aegis Graham Bell Awards, 2022 which is supported by the Ministry of Electronics and Information technology, NITI Aayog, Government of India and Skill India. Further, we were also adjudged as the winners of the Golden Peacock Business Excellence Award 2022 at the Golden Peacock Awards.

In addition, we were also awarded a certificate of achievement and honour for being India's Best Company of the Year Awards 2022 organized by Berkshire Media LLC, USA, and a "*Gold Leaf*" certificate of impact by Aspire Impact for the period from April 2020 to March 2021.

Data Privacy and Protection

The Information Technology Act, 2000, and the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 ("**Data Privacy Rules**") gives directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. These Data Privacy Rules contain minimum standards for electronic transactions and code sets and for the privacy and security of sensitive personal data or information. The Privacy Rules, inter alia, require body corporates such as ours to adopt, and provide for a data privacy procedures for capturing, storing, processing, allowing access and disclosure of information that has been classified as personal data or sensitive personal data or information. The Data Privacy Rules impose requirements on uses and disclosures of sensitive personal data or information; including contracting requirements for our business associate agreements. For further information on rules and regulations governing data privacy and protection in relation to our business operations, see "***Key Regulations and Policies in India***" on page 143 of the Draft Red Herring Prospectus. Also see, *"**Risk Factors – 2. Our reputation could be at risk and we may be liable to our clients or to regulators for damages caused by inadvertent disclosure of confidential information and sensitive personal or business data**"* on page 2 of this Second Addendum.

Research and Development

Over the years, we have developed long-standing relationships with certain of our clients. We devote time and attention to understand our client's requirements, market trends through research and a consultation process. The product incubation, innovation and product research team for developing Centres of Excellence has also been established to analyze new technologies, products and innovation aligned to our vision, mission and goals.

Sales and Marketing / Business Development

Our sales and marketing strategy seeks to gain new business from identified accounts through multiple business development channels and repeat business from existing clients through concerted account management efforts at building and sustaining client loyalty.

New Business Development. We use a cross-functional, integrated sales approach where our sales managers (who address a particular region, country and/or business vertical, and typically report to the heads of the respective geographic segments or business verticals, as the case may be), account/engagement managers (who are dedicated to our strategic clients), sales hunters (who are dedicated to originate new clients), overlay sales managers (who are responsible for promoting service lines), solution architects (who are responsible for devising solutions to clients), the supervisors thereof and our marketing team, which assists in brand building and other corporate level marketing efforts, analyze potential opportunities and collaboratively develop strategies to sell our IT services and solutions to potential clients. We also work closely with industry analysts and advisors to identify opportunities worth pursuing. For larger projects, we typically bid against other IT service providers in response to requests for proposals.

Promoting Client Loyalty. We constantly seek to expand the nature and scope of our engagements with existing clients by increasing the volume of our business and extending the breadth of services offered. For existing clients, our on-site project and account managers proactively identify client needs and work with our sales team to structure solutions to address those needs.

We have adopted a collaborative sales and marketing model where our sales, solutions and delivery teams participate in the sales process. Members of our executive management team are actively involved in business development and in managing key client relationships through targeted interaction with clients' senior management, which enables us to demonstrate our organisational commitment and remain acquainted with emerging industry trends. Our sales organisation is divided into pre and post sales, government and private businesses, sector and regional segmentation and includes dedicated sales managers, account/engagement managers, sales hunters, overlay sales managers and solution architects, and, in each case, the supervisors thereof. Our sales efforts are complemented by our marketing team. We build and execute marketing programmes that include media interactions, industry and analyst events, sponsorship of and participation in targeted industry conferences and trade shows. We also have multiple customer touchpoints which include social and digital interventions, customer helpdesk, and physical touchpoints like service centers.

Pricing

Detailed commercials are discussed and agreed with clients before commencing a project. Our commercial arrangements are broadly based on the following models:

- *Cost / Project Based Model* – Under this model, a pre-agreed lump sum / milestone based fee payment is done by the client following completion of a defined set of activities / activities by our Company as per the contract and in line with the service level parameters agreed between the parties.

- *Transaction / Services Based Model* – In this model, the client or the end-user pays for each transaction or service made or availed. However, the client is required to provide a minimum commitment of volume of business.

- *Hybrid Model* – In this model, the capital expenditure to be incurred is paid by the client and the remaining cost for services is availed based on the Transaction / Service Based Model as mentioned above.

Insurance

We have insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our business operations and is in accordance with the industry standards. We have a group term life insurance plan, group personal accident policy and group mediclaim insurance policy for our employees, which covers an employee and their nominee/legal heir in the event of death, permanent total disablement and temporary total disablement. Further, we have obtained a directors and officers' liability insurance policy for our senior management personnel. In addition, we have obtained cyber liability insurance policy and package insurance policy for our company and also professional indemnity insurance policies for the projects that we undertake. The package insurance policy covers standard fire and special perils, burglary risk, machinery breakdown, electronic equipment, portable equipment risk and public liability insurance.

These insurance policies are generally valid for one year and are renewed annually by us. As of the date of this Second Addendum, there have been no material claims made under the insurance policies.

For further information on risks relating to our insurance coverage, see "***Risk Factors – 23. Our insurance coverage could prove inadequate to satisfy potential claims or protect us from potential operational hazards and losses which may have a material adverse effect on our financial condition, results of operations and cash flows.***" on page 14 of this Second Addendum.

Competition

The e-governance industry in India is highly competitive. Our key competitors include CDSL Ventures Limited, CMS Computer Limited, Computer Age Management Services Limited, CSC E-Governance Services Limited, Karvy Data Management Services Limited, Kfin Technologies Private Limited, Sify Technologies Limited and UTI Infrastructure Technology and Services Limited. (*Source: CRISIL Report*)

Human Resources

As of December 31, 2022, we had 484 permanent employees. The following table sets forth a breakdown of our employees by designation as of December 31, 2022:

Function	Number of Employees
Top Management (MD and CEO and Whole-time Director and COO)	2
Senior Management (Vice President and above)	40
Middle Management (Assistant Vice President and Senior Manager)	104
Junior Management (Manager and below)	338
Total	**484**

None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

We have several structured processes, including employee mentoring, grievance management and corporate ethics programs, which are intended to facilitate a friendly and cohesive organizational culture. Such processes are supplemented by our internal policies, which are also aimed at fostering a positive atmosphere and establishing common ethical values within the workplace. Our policies include a code of ethics, a policy for positive work environment and a whistle blower policy. We place special emphasis on the training of our employees to enable them to develop their skills and to meet the challenges of a dynamic competitive environment.

We give importance to training and development of our employees. Various training and orientation programs are conducted, both in-house and external programs. Officials across various levels are exposed to programs according to their respective training needs. Training programs are also conducted in order to keep abreast the employees in various technical, managerial and leadership areas.

Corporate Social Responsibility ("CSR")

We are actively involved in meeting our social obligations through our Corporate Social Responsibility programme and actively support programmes for setting up homes and hostels for women and orphans and operating and maintaining shelters for orphans and women, promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects, promoting health-care including preventive health care. In Fiscal 2020, 2021, and 2022, we incurred ₹ 18.09 million, ₹ 57.64 million and ₹ 34.78 million towards our CSR activities, respectively.

Intellectual Property

As on the date of this Second Addendum, we have 18 registered trademarks under different trademark classes, including registrations in respect of Vidyasaarthi and Vidya Lakshmi. This also includes our corporate logo " protean Change is growth ".

Our Company and NSDL have entered into a trademark assignment agreement dated October 12, 2022, which is valid for a period of three years from October 12, 2022, pursuant to which NSDL has granted to our Company, irrevocable non-transferable license to use the trademarks NSDL and ("**Trademarks**") registered under classes 35 and 16, respectively, for, *inter alia*, (i) indicating the Company's former name, i.e., "NSDL e-Governance Infrastructure Limited"; (ii) providing information about the Company's corporate history, background and experience to governmental authorities, regulators and third parties; (iii) marketing and branding campaigns and other activities conducted for the purposes of (i) and (ii); (iv) the purposes of operating the retained domain names; (v) other denominative purposes related to the above; and (vi) sublicensing the Trademarks to our Subsidiaries for residual purposes.

For further information in relation to the risk relating to our intellectual property, "***Risk Factors – 18. If we are unable to protect our intellectual property and proprietary information, or if we infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected***." on page 11 of this Second Addendum.

Property

Our registered and corporate office is located in Times Tower, 1st Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India and is owned by our Company. Our data centre is situated on premises that is owned by our Company. We also operate a number of branch offices in Delhi, Kolkata, Chennai, Bengaluru, Ahmedabad and Pune.

SECTION III: FINANCIAL INFORMATION

RESTATED CONSOLIDATED FINANCIAL INFORMATION

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Independent Auditor's Examination Report on Restated Consolidated Financial Information

To the Board of Directors of
Protean eGov Technologies Limited
Times Tower, 1st Floor
Kamala Mills Compound
Lower Parel
Mumbai - 400013

Dear Sirs,

1. We have examined, the attached Restated Consolidated Financial Information of Protean eGov Technologies Limited (formerly NSDL e-Governance Infrastructure Limited) (the "Company" or the "Issuer" or "Holding Company") and its Subsidiaries (the Company and its subsidiaries together referred to as the "Group"), comprising the Restated Consolidated Balance sheet as at 31 December 2022, 31 December 2021, 31 March 2022, 31 March 2021, and 31 March 2020, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income/Loss), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the nine month period ended 31 December 2022 and 31 December 2021 and for the years ended 31 March 2022, 31 March 2021, and 31 March 2020 and the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information") as approved by the Board of Directors of the Company at their meeting held on 15 February 2023 for the purpose of inclusion in the red herring prospectus ("RHP") prepared by the Company in connection with its proposed initial public offer of equity shares ("IPO") prepared in terms of the requirements of:

   (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

   (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the RHP to be filed with Securities and Exchange Board of India **("SEBI")**, the stock exchanges where the equity shares of the Company are proposed to be listed **("Stock Exchanges")** and Registrar of Companies, Maharashtra, in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 1.1 of Annexure V to the Restated Consolidated Financial Information. The respective Board of Directors of the companies included in the Group responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial

Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:

(a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 15 March 2022 in connection with the proposed IPO of equity shares of the Company;

(b) The Guidance Note. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

(c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

(d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated Financial Information have been compiled by the management from:

Audited Consolidated Ind AS financial statements of the Group as at and for the period ended 31 December 2022 and 31 December 2021 and for the years ended 31 March 2022, 31 March 2021, and 31 March 2020, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under the Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 15 February 2023, 25 March 2022, 28 June 2022, 7 May 2021 and 22 June 2020 respectively.

5. For the purpose of our examination, we have relied on:

Auditor's report issued by us dated on 15 February 2023, 25 March 2022, 28 June 2022, 7 May 2021 and 22 June 2020, on the consolidated financial statements of the Group as at and for the period ended 31 December 2022 and 31December 2021 and for the years ended 31 March 2022, 31 March 2021, and 31 March 2020 respectively as referred to in paragraph 4 above.

6. As indicated in our reports referred in paragraph 5 above,

a. We did not audit the financial statements of three subsidiaries for year ended 31 March 2022, two subsidiaries for the year ended 31 March 2021 and one subsidiary for the year ended 31 March 2020 whose share of total assets (before consolidation adjustments), total revenues (before consolidation adjustments) and net cash flows inflows / (outflows) (before consolidation adjustments) for the respective years have been given in the table below. The financial statements of these subsidiaries have been audited by other auditors and whose reports have been furnished to us by the Company's management and our opinion, in so far as it relates to the amounts and disclosures included in the restated consolidated financial information are based solely on the audit reports of the other auditors.

Further, of the three subsidiaries, one subsidiary is located outside India whose financial statements for year ended 31 March 2022, 31 March 2021 and 31 March 2020 have been prepared in accordance with accounting principles generally accepted in that country and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of this subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management.

Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(Rs. In Million)

Particulars	**For the year ended**		
	31 March 2022	**31 March 2021**	**31 March 2020**
Number of Subsidiaries	3	2	1
Total Assets	111.95	30.58	0.55
Total Revenues	-	-	-
Total cash inflows/ (outflows)	79.71	29.44	0.51

Details of entities audited by other auditors for the respective year

Name of Subsidiaries	**Nature of relation**	**Name of the Auditors**	**Period of their audit**
NSDL e-Governance (Malaysia) SDN BHD	Subsidiary	Mathew & Partners	31 March 2022, 31 March 2021, 31 March 2020
NSDL e-Governance Account Aggregator Limited	Subsidiary	R M R & Co.	31 March 2022, 2 November 2020 to 31 March 2021
Protean Infosec Services Limited	Subsidiary	R M R & Co.	30 September 2022 to 31 March 2022

b. We did not audit –

- the financial statements of four subsidiaries for period ended 31 December 2022 whose financial information reflect total assets (before consolidation adjustments) of Rs. 103.62 million, total revenues (before consolidation adjustments) of Rs. 5.45 million and net cash flows inflows / (outflows) (before consolidation adjustments) amounting to Rs. (9.30) million for the ended on that date;

- the financial statements of one subsidiary for year ended 31 March 2022 and 31 March 2021 whose financial information reflect total assets (before consolidation adjustments) of Rs. Nil as at 31 March 2022, total revenues (before consolidation adjustments) of Rs. Nil and net cash flows inflows / (outflows) (before consolidation adjustments) amounting to Rs. Nil for the period ended on that date as considered in the consolidated financial information;

- the financial statements of four subsidiaries for period ended 31 December 2021 whose financial information reflect total assets (before consolidation adjustments) of Rs. 112.28 million, total revenues (before consolidation adjustments) of Rs. Nil and net cash flows inflows / (outflows) (before consolidation adjustments) amounting to Rs. (0.10) million for the ended on that date;

- share of profit/(loss) in an associate amounting to Rs. Nil for the period ended 31 December 2021.

These unaudited financial statements have been furnished to us by the Management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Details of entity unaudited

Name of Subsidiaries	Nature of relation	Period of their audit
Protean e-Gov Technologies Australia Pty Ltd	Subsidiary	Year ended 31 March 2022, 9 December 2020 to 31 March 2021, Period ended 31 December 2022 and 31 December 2021
NSDL e-Governance Account Aggregator Limited	Subsidiary	Period ended 31 December 2022 and 31 December 2021
NSDL e-Governance (Malaysia) SDN BHD	Subsidiary	Period ended 31 December 2022 and 31 December 2021
Protean Infosec Services Limited	Subsidiary	Period ended 31 December 2022 and 31 December 2021
Open Network for Digital Commerce	Associate	30 December 2021 to 31 December 2021

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

7. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:

   i) have been prepared after incorporating adjustments for the changes in accounting policies, and regrouping/reclassifications retrospectively in the financial period ended 31 December 2021 and years ended 31 March 2022, 31 March 2021 and 31 March 2020 to reflect the same accounting treatment as per the accounting policies and groupings/classifications followed as at and for the period ended 31 December 2022;

   ii) does not contain any qualifications requiring adjustments; and

   iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the audited consolidated financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for the use of the Board of Directors for inclusion in the RHP to be filed with Securities and Exchange Board of India, stock exchanges and Registrar of Companies, Maharashtra, in connection with the IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Associates LLP**
Chartered Accountants
ICAI firm registration number: 116231W/W-100024

Shabbir Readymadewala
Partner
Membership No.: 100060
ICAI UDIN: 23100060BGWNZV4148

Place: Mumbai
Date: 15 February 2023

Appendix I

i. List of subsidiaries of Protean eGov Technologies Limited

Name of Subsidiaries	Nature of relation	Country & Date of incorporation
NSDL e-Governance Account Aggregator Limited	Subsidiary	India (2 November 2020)
Protean e-Gov Technologies Australia Pty Ltd	Subsidiary	Australia (9 December 2020)
NSDL e-Governance (Malaysia) SDN BHD	Subsidiary	Malaysia (26 January 2017)
Protean Infosec Services Limited	Subsidiary	India (30 September 2021)
Open Network for Digital Commerce	Associates	India (30 December 2021)

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure I - Restated Consolidated Balance Sheet

Currency : (₹ in Million)

	Particulars	***Note***	**As at 31.12.2022**	As at 31.12.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2020
	ASSETS						
1	**Non-current assets**						
	a Property, Plant and Equipment	*2(a)*	**525.85**	500.87	506.85	493.87	485.53
	b Capital work-in-progress	*2(b)*	**-**	9.89	11.74	13.41	48.00
	c Right-of-use assets	*27*	**89.52**	24.69	121.81	57.20	136.70
	d Other Intangible assets	*2(a)*	**24.79**	17.08	16.75	13.30	3.98
	e Intangible assets under development	*2(b)*	**103.48**	-	33.18	0.80	6.28
	f Financial assets						
	i Investments	*4*	**4,870.95**	2,582.63	3,082.90	2,736.79	3,849.01
	ii Other financial assets	*5*	**170.88**	223.87	175.73	212.83	238.92
	g Income tax assets (net)	*6*	**283.31**	289.08	269.71	277.20	256.98
	h Deferred tax assets (net)	*6*	**217.24**	129.47	198.53	91.23	30.50
	i Other non-current assets	*7*	**37.40**	78.64	48.46	20.59	18.70
	Total non-current assets		**6,323.42**	3,856.22	4,465.66	3,917.22	5,074.60
2	**Current Assets**						
	a Financial assets						
	i Investments	*8*	**479.23**	655.88	553.36	114.36	212.07
	ii Trade receivables	*9*	**2,022.00**	2,234.16	1,998.44	1,977.43	2,107.14
	iii Cash and cash equivalents	*10*	**413.18**	523.10	2,067.20	734.61	410.43
	iv Bank balances other than iii above	*11*	**327.60**	511.03	267.81	416.83	90.64
	v Other financial assets	*5*	**215.46**	125.96	161.54	191.22	216.63
	b Other current assets	*7*	**411.30**	440.18	367.38	448.23	463.30
	Total current assets		**3,868.77**	4,490.31	5,415.73	3,882.68	3,500.21
						-	
3	**Assets held for sale**	*3*	**-**	823.94	-	823.94	823.94
	Total assets		**10,192.19**	9,170.47	9,881.39	8,623.84	9,398.75
	EQUITY AND LIABILITIES						
1	**Equity**						
	a Equity share capital	*12*	**403.88**	402.67	403.84	401.39	400.08
	b Other equity	*13*	**7,843.13**	6,712.24	7,478.05	6,275.05	7,135.91
	Equity attributable to shareholders of the Company		**8,247.01**	7,114.92	7,881.89	6,676.44	7,535.99
	Non-controlling interest	*28*	**(1.88)**	(1.88)	(1.88)	(1.85)	(1.85)
	Total equity		**8,245.13**	7,113.04	7,880.01	6,674.59	7,534.14
2	**Liabilities**						
	1 **Non-current liabilities**						
	a Financial Liabilities						
	i Lease liabilities	*27*	**49.72**	0.44	79.23	18.66	66.76
	ii Other financial liabilities	*15*	**-**	-	-	-	-
	b Provisions	*16*	**143.09**	169.42	151.80	204.36	98.60
	c Other non-current liabilities	*17*	**41.23**	13.14	13.68	11.22	16.44
	Total non current liabilities		**234.04**	183.00	244.71	234.24	181.80
	2 **Current liabilities**						
	a Financial liabilities						
	i Lease liabilities	*27*	**38.98**	30.15	37.61	43.21	72.32
	ii Trade payables						
	1. Total outstanding dues of micro enterprises and small enterprises	*14&32*	**124.06**	48.11	56.63	167.10	60.60
	2. Total outstanding dues of creditors other than micro enterprises and small enterprises	*14*	**822.28**	1,074.93	900.59	821.31	826.24
	iii Other financial liabilities	*15*	**144.69**	124.96	133.83	152.71	179.61
	b Provisions	*16*	**52.51**	49.60	52.13	33.83	96.49
	c Other current liabilities	*17*	**530.50**	526.68	536.66	496.85	447.55
	d Income tax liabilities (net)	*6*	**-**	20.00	39.22	-	-
	Total current liabilities		**1,713.02**	1,874.44	1,756.67	1,715.01	1,682.81
	Total equity and liabilities		**10,192.19**	9,170.47	9,881.39	8,623.84	9,398.75

Annexure I - Restated Consolidated Balance Sheet *(Continued)*

Currency : (₹ in Million)

	Note
See accompanying notes to the restated consolidated financial	*1 to 37*

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
Protean eGov Technologies Limited
(CIN: U72900MH1995PLC095642)

Shabbir Readymadewala
Partner
Membership No. 100060

Shailesh Haribhakti
Chairman
DIN-00007347

Suresh Sethi
Managing Director and CEO
DIN-06426040

Place : Mumbai
Date:

Jayesh Sule
Whole Time Director
DIN-07432517

Sudeep Bhatia
Chief Financial Officer

Place : Mumbai
Date:

Maulesh Kantharia
Company Secretary

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure II - Restated Consolidated Statement of Profit and Loss

Currency : (₹ in Million)

	Note	**For the period ended December 31, 2022**	For the period ended December 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Income						
Revenue From Operations	*18*	**5,102.20**	5,068.30	6,909.09	6,031.32	7,161.39
Other Income	*19*	**303.67**	226.21	792.67	488.95	385.01
Total Income		**5,405.87**	5,294.51	7,701.76	6,520.27	7,546.40
Expenses						
Employee benefits expense	*20*	**843.94**	575.48	786.76	752.67	686.28
Finance costs	*27*	**7.28**	3.36	4.83	9.45	16.23
Depreciation and amortization expense	*2(a)&27*	**135.87**	122.60	169.95	167.91	270.11
Other expenses	*21*	**3,423.48**	3,642.17	4,883.99	4,430.22	4,997.61
Total Expenses		**4,410.57**	4,343.61	5,845.53	5,360.25	5,970.23
Profit before tax		**995.30**	950.90	1,856.23	1,160.02	1,576.17
Less : Tax expense						
Current tax	*6*	**259.36**	249.82	525.16	298.90	376.10
Deferred tax	*6*	**(18.71)**	(38.24)	(108.30)	(60.73)	(18.47)
Total tax expense		**240.65**	211.59	416.86	238.17	357.63
Profit for the period/year (A)		**754.65**	739.31	1,439.37	921.85	1,218.54
Other comprehensive income/(loss)						
Items that will not be reclassified subsequently to profit or loss						
Re-measurement of the defined benefit liability / asset		(6.86)	8.86	36.25	(28.60)	(37.86)
						-
Total other comprehensive income/(loss) (net of tax) (B)		**(6.86)**	8.86	36.25	(28.60)	(37.86)
Total comprehensive income (A+B)		**747.79**	748.17	1,475.62	893.25	1,180.68
Profit for the period/year attributable to :						
Owners of the Company		**754.65**	739.31	1,439.40	921.85	1,219.25
Non-controlling interest		-	-	(0.03)	-	(0.71)
		754.65	739.31	1,439.37	921.85	1,218.54
Other comprehensive income for the period/ year attributable to:						
Owners of the Company		**(6.86)**	8.86	36.25	(28.60)	(37.86)
Non-controlling interest		-	-	-	-	-
		(6.86)	8.86	36.25	(28.60)	(37.86)
Total comprehensive income for the period/year attributable to:						
Owners of the Company		**747.79**	748.17	1,475.65	893.25	1,181.39
Non-controlling interest		-	-	-	-	(0.71)
		747.79	748.17	1,475.65	893.25	1,180.68
Earnings per share						
- Basic earnings per share (₹)	*22*	**18.69**	18.36	35.78	23.02	30.48
- Diluted earnings per share (₹)	*22*	**18.66**	18.36	35.75	23.00	30.41

Annexure II - Restated Consolidated Statement of Profit and Loss ***(Continued)***

Currency : (₹ in Million)

	Note
See accompanying notes to the restated consolidated financial information	1 to 37

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
Protean eGov Technologies Limited
(CIN: U72900MH1995PLC095642)

Shabbir Readymadewala
Partner
Membership No. 100060

Shailesh Haribhakti
Chairman
DIN-00007347

Suresh Sethi
Managing Director and CEO
DIN-06426040

Place : Mumbai
Date :

Sudeep Bhatia
Chief Financial Officer

Jayesh Sule
Whole Time Director
DIN-07432517

Place : Mumbai
Date:

Maulesh Kantharia
Company Secretary

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure III - Restated Consolidated Statement of Changes in Equity

Currency : (₹ in Million)

A. EQUITY SHARE CAPITAL

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
400.05	0.03	400.08

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
400.08	1.31	401.39

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
401.39	2.45	403.84

Balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at December 31, 2021
401.39	1.28	402.67

Balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at December 31, 2022
403.84	0.04	403.88

B. OTHER EQUITY

(₹ in Million)

Particulars	Other equity#						Total
	Attributable to owners of the Company					Attributable to non controlling interest	
	Reserves and surplus						
	Capital redemption reserve	General reserve	Retained earnings	ESOP reserve	Securities premium		
Balance as at April 1, 2019	**250.00**	**3,984.30**	**1,984.00**	**35.31**	**1.59**	**(1.14)**	**6,254.06**
Profit for the year	-	-	1,219.25	-	-		**1,219.25**
Other comprehensive loss	-	-	(37.86)	-	-	-	**(37.86)**
Share based payment expense	-	-	-	12.01	-	-	**12.01**
Issue of shares on account of exercise of stock options	-	-	-	-	0.80	-	**0.80**
Non controlling interest of minority shareholders in subsidiary	-	-	-	-	-	(0.71)	**(0.71)**
Dividend (including tax on dividend)	-	-	(313.49)	-	-	-	**(313.49)**
Balance as at March 31, 2020	**250.00**	**3,984.30**	**2,851.90**	**47.32**	**2.39**	**(1.85)**	**7,134.06**

Particulars	Other equity#						Total
	Attributable to owners of the Company					Attributable to non controlling interest	
	Reserves and surplus						
	Capital redemption reserve	General reserve	Retained earnings	ESOP reserve	Securities premium		
Balance as at April 1, 2020	**250.00**	**3,984.30**	**2,851.90**	**47.32**	**2.39**	**(1.85)**	**7,134.06**
Profit for the year	-	-	921.85	-	-	-	**921.85**
Other comprehensive loss	-	-	(28.60)	-	-	-	**(28.60)**
Share based payment expense	-	-	-	11.41	-	-	**11.41**
Issue of shares on account of exercise of stock options	-	-	-	-	39.44	-	**39.44**
Dividend	-	-	(1,804.96)	-	-	-	**(1,804.96)**
Transfer from ESOP Reserve on exercise of stock options/options unexercised	-	2.19	-	(12.85)	10.66	-	**-**
Balance as at March 31, 2021	**250.00**	**3,986.49**	**1,940.19**	**45.88**	**52.49**	**(1.85)**	**6,273.20**

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure III - Restated Consolidated Statement of Changes in Equity *(Continued)*

Currency : (₹ in Million)

B. OTHER EQUITY *(Continued)*

Particulars	Other equity#						Total
	Attributable to owners of the Company					Attributable to non controlling interest	
	Reserves and surplus						
	Capital redemption reserve	General reserve	Retained earnings	ESOP reserve	Securities premium		
Balance as at April 1, 2021	**250.00**	**3,986.49**	**1,940.19**	**45.88**	**52.49**	**(1.85)**	**6,273.20**
Profit for the year	-	-	1,439.40	-	-	(0.03)	**1,439.37**
Other comprehensive gain	-	-	36.25	-	-	-	**36.25**
Share based payment expense	-	-	-	15.65	-	-	**15.65**
Issue of shares on account of exercise of stock options	-	-	-	-	73.38	-	**73.38**
Non controlling interest of minority shareholders in subsidiary*	-	-	-	-	-	-	**-**
Transfer from ESOP Reserve on exercise of stock options/options unexercised	-	-	-	(39.13)	40.17	-	**1.04**
Dividend	-	-	(362.72)	-	-	-	**(362.72)**
Balance as at March 31, 2022	**250.00**	**3,986.49**	**3,053.12**	**22.40**	**166.04**	**(1.88)**	**7,476.17**

*Profit for the year attributable to non-controlling interest, represents value less than ₹ 0.1 million.

Particulars	Other equity#						Total
	Attributable to owners of the Company					Attributable to non controlling interest	
	Reserves and surplus						
	Capital redemption reserve	General reserve	Retained earnings	ESOP reserve	Securities premium		
Balance as at April 1, 2021	**250.00**	**3,986.49**	**1,940.19**	**45.88**	**52.49**	**(1.85)**	**6,273.20**
Profit for the year	-	-	739.31	-	-	-	**739.31**
Other comprehensive gain	-	-	8.86	-	-	-	**8.86**
Share based payment expense	-	-	-	13.12	-	-	**13.12**
Issue of shares on account of exercise of stock options	-	-	-	-	38.30	-	**38.30**
Non controlling interest of minority shareholders in subsidiary*	-	-	-	-	-	(0.03)	**(0.03)**
Transfer from ESOP Reserve on exercise of stock options/options unexercised	-	-	-	-	-	-	**-**
Dividend	-	-	(362.40)	-	-	-	**(362.40)**
Balance as at December 31, 2021	**250.00**	**3,986.49**	**2,325.96**	**59.00**	**90.79**	**(1.88)**	**6,710.36**

*Profit for the year attributable to non-controlling interest, represents value less than ₹ 0.1 million.

Particulars	Other equity#						Total
	Attributable to owners of the Company					Attributable to non controlling interest	
	Reserves and surplus						
	Capital redemption reserve	General reserve	Retained earnings	ESOP reserve	Securities premium		
Balance as at April 1, 2022	**250.00**	**3,986.49**	**3,053.12**	**22.40**	**166.04**	**(1.88)**	**7,476.17**
Profit for the year	-	-	754.65	-	-	-	**754.65**
Other comprehensive loss	-	-	(6.86)	-	-	-	**(6.86)**
Share based payment expense	-	-	-	19.96	-	-	**19.96**
Issue of shares on account of exercise of stock options	-	-	-	(0.55)	1.72	-	**1.17**
Non controlling interest of minority shareholders in subsidiary*	-	-	-	-	-	-	**-**
Transfer from ESOP Reserve on exercise of stock options/options unexercised	-	-	-	-	-	-	**-**
Dividend	-	-	(403.84)	-	-	-	**(403.84)**
Balance as at December 31, 2022	**250.00**	**3,986.49**	**3,397.07**	**41.81**	**167.76**	**(1.88)**	**7,841.25**

*Profit for the year attributable to non-controlling interest, represents value less than ₹ 0.1 million.

Note:

 # Purpose of Reserve stated as follows:

(a) Capital redemption reserve: Capital redemption reserve is created to purchase its own shares out of free reserves and same to be utilized in accordance with the provisions of the Companies Act, 2013.

(b) General reserve: The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

(c) Retained earnings: This reserve represents undistributed accumulated earnings of the Group as on the balance sheet date.

(d) ESOP reserve: The ESOP is used to record the value of equity-settled share based payment transactions with employees. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or cancellation of vested options.

(e) Securities premium : Securities premium is used to record the premium on issue of shares. The reserve to be utilized in accordance with the provisions of the Companies Act, 2013.

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
Protean eGov Technologies Limited
(CIN: U72900MH1995PLC095642)

Shabbir Readymadewala
Partner
Membership No. 100060

Shailesh Haribhakti
Chairman
DIN-00007347

Suresh Sethi
Managing Director and CEO
DIN-06426040

Place : Mumbai
Date :

Jayesh Sule
Whole Time Director
DIN-07432517

Sudeep Bhatia
Chief Financial Officer

Place : Mumbai
Date :

Maulesh Kantharia
Company Secretary

Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information

Currency : (₹ in Million)

Statement of restatement adjustments

Summarised below are the adjustments made to the net profit of the audited consolidated financial statements of the Group for the year ended March 31, 2022, March 31, 2021, and March 31, 2020 and period ended December 31, 2021 and December 31, 2022 their impact on the profit of the Group:

(₹ in Million)

Particulars	For the period ended December 31, 2022	For the period ended December 31, 2021	For the year ended Mar 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Total net profit as per Audited Consolidated Financial Statements	**754.65**	738.05	1,438.60	922.82	1,211.88
Restatement adjustments:					
Change in accounting policy - Ind AS 116:					
Interest on lease liabilities	-	0.05	-	-	-
Depreciation on Right of use assets	-	0.97	(1.55)	5.03	4.38
Profit on discard of leased assets (net)	-	-	2.35	-	-
Adjustment for rent expenses	-	(0.14)	-	-	0.15
Impact on Income tax	-	(0.24)	0.10	-	-
Interest unwinding on security deposits	-	-	-	(1.43)	0.15
Deferred tax on Right of use assets	-	0.62	(0.13)	(4.57)	1.98
Total restatement adjustments	-	1.26	0.77	(0.97)	6.66
Total net profit as per Restated Consolidated Financial Information	**754.65**	739.31	1,439.37	921.85	1,218.54

Summarised below are the adjustments made to the equity of the audited consolidated financial statements of the Group for the year ended March 31, 2022, March 31, 2021, and March 31, 2020 and period ended December 31, 2021 and December 31, 2022 and their consequential impact on the equity of the Group:

(₹ in Million)

Particulars	As at December 31, 2022	As at December 31, 2021	As at Mar 31, 2022	As at March 31, 2021	As at March 31, 2020
Total Equity as per Audited Consolidated Financial Statements	**8,245.13**	7,115.41	7,880.01	6,677.16	7,535.74
Cumulative impact on adoption of Ind AS 116	-	(1.31)	-	(2.57)	(1.60)
Total Equity as per Restated Consolidated Financial Information	**8,245.13**	7,114.10	7,880.01	6,674.59	7,534.14

1 Ind AS 115 - Revenue from contract with customers has been notified and effective for financial statements from 1 April 2018 which prescribes the accounting of the revenue from contract with customers. The change in accounting policy was already considered retrospectively from 1 April 2018 for preparing the Ind AS audited financial statements. There is no impact in the Restated Consolidated Financial Information of the Group.

2 Ind AS 116 - Leases has been notified and effective for financial statements from 1 April 2019 which prescribes the accounting of the lease contracts entered in the capacity of the lessee and a lessor. The Group has applied Ind AS 116 for preparing the Ind AS audited financial statements for the period beginning from 1 April 2019. For the purpose of preparing Restated Consolidated Financial I, Ind AS 116 has been applied retrospectively with effect from 1 April 2018.
Effective 1 April 2018, the Group has recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding Right of Use asset at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 April 2018.

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure IV - Restated Consolidated Statement of Cash Flows

Currency : (₹ in Million)

		For the period ended 31.12.2022	For the period ended 31.12.2021	For the year ended 31.03.2022	For the year ended 31.03.2021	For the year ended 31.03.2020
A)	**Cash flow from operating activities**					
	Profit before tax	**995.30**	950.90	1,856.23	1,160.02	1,576.17
	Adjustments for :					
	Depreciation and amortization	**135.86**	122.60	164.59	167.91	270.11
	Amortization of premium / discount on Government/debt securities	**14.28**	15.24	19.56	11.30	17.20
	Loss on sale /discard of assets (net)	**-**	-	-	-	0.10
	Profit on discard of leased assets (net)	**-**	-	(4.84)	(1.40)	-
	Provision for doubtful debts	**105.00**	200.50	303.73	292.00	106.30
	Interest income on financial assets carried at amortized cost	**(228.88)**	(166.60)	(196.54)	(262.66)	(250.46)
	Interest income on bank deposits	**(35.42)**	(27.14)	(38.19)	(24.77)	(19.00)
	Excess provision written back	**-**	(0.19)	-	-	-
	Interest on lease expense	**7.28**	3.36	4.83	9.45	16.23
	Share based payment expense	**19.96**	13.12	15.65	11.41	12.01
	Profit on sale /discard of assets (net)	**-**	(0.02)	(438.96)	(52.28)	(0.20)
	Dividend income	**(16.07)**	(9.47)	(13.11)	(9.22)	(16.28)
	Operating cash flow before changes in working capital	**997.31**	1,102.30	1,672.95	1,301.76	1,712.18
	Changes in:					
	(Increase)/Decrease in trade receivables	**(128.56)**	(457.23)	(322.73)	(162.29)	(394.67)
	(Increase)/Decrease in other assets and financial assets	**(66.11)**	27.47	55.46	36.24	(162.00)
	Increase/(Decrease) in trade payables	**(10.88)**	134.63	(31.19)	101.57	(12.89)
	Increase/(Decrease) in other financial liabilities, other liabilities and provisions	**14.57**	(2.49)	46.65	43.03	(106.75)
	Cash generated from operations	**806.33**	804.68	1,421.14	1,320.31	1,035.87
	Income taxes paid (Net)	**(312.18)**	(261.70)	(478.45)	(319.12)	(500.77)
	Net cash generated from / (used in) operating activities (A)	**494.15**	542.98	942.69	1,001.19	535.10
B)	**Cash flow from investing activities**					
	Purchase of property plant and equipment	**(162.82)**	(87.56)	(121.08)	(105.70)	(155.10)
	Purchase of intangible assets including intangible assets under development	**(26.35)**	(13.31)	(16.86)	(16.27)	(2.96)
	Movement in capital advances	**0.31**	(19.59)	(51.96)	28.73	37.82
	Proceeds from sale of property, plant and equipment	**-**	-	1,319.98	-	2.40
	Interest received	**250.66**	192.81	234.73	315.94	240.19
	Dividend received	**16.07**	9.47	13.11	9.22	16.28
	Purchase of non-current investments (net of interest accrued upto date of purchase)	**(1,849.40)**	-	(498.71)	-	(607.30)
	Purchase of current investments	**(14.80)**	(409.47)	(411.90)	(400.00)	-
	Investment/maturities in fixed deposits (net)	**(59.79)**	(95.57)	-	(326.16)	88.43
	Liquidation of fixed deposit	**-**	-	149.02	-	-
	Maturity / (Placement) of restricted deposit	**-**	-	3.87	-	-
	Proceeds from redemption of non-current investments	**-**	-	106.00	1,040.80	4.94
	Proceeds from redemption of current investments	**136.00**	26.00	-	610.00	250.00
	Net cash generated from/ (used in) investing activities (B)	**(1,710.12)**	(397.22)	726.20	1,156.56	(125.30)

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure IV - Restated Consolidated Statement of Cash Flows *(Continued)*

Currency : (₹ in Million)

		For the period ended 31.12.2022	For the period ended 31.12.2021	For the year ended 31.03.2022	For the year ended 31.03.2021	For the year ended 31.03.2020
C)	**Cash flow from financing activities**					
	Proceeds from exercise of stock options	**1.21**	39.58	75.82	40.75	0.80
	Dividend paid	**(403.84)**	(362.40)	(362.72)	(1,804.96)	(260.00)
	Dividend distribution tax paid	**-**	-	-	-	(53.49)
	Lease liability paid	**(28.14)**	(31.28)	(44.57)	(59.91)	(64.29)
	Interest on lease liability paid	**(7.28)**	(3.36)	(4.83)	(9.45)	(16.23)
	Net cash from / (used in) financing activities (C)	**(438.05)**	(357.46)	(336.30)	(1,833.57)	(393.21)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,654.02)**	(211.70)	1,332.59	324.18	16.59
	Cash and cash equivalents at the beginning of the period/year	**2,067.20**	734.61	734.61	410.43	393.84
	Cash and cash equivalents at the end of the period/year	**413.18**	523.10	2,067.20	734.61	410.43

Notes to Consolidated Cash Flow Statement :

1 Cash and cash equivalents represent cash, bank balances and term deposits with banks with original maturity up to three months.

2 The Group has used profit before tax as the starting point for presenting operating cash flows using the indirect method.

3 **Changes in liabilities arising from financing activities**	**31.12.2022**	31.12.2021	31.03.2022	31.03.2021	31.03.2020
Opening balance of lease liabilities	**116.84**	61.87	61.87	139.08	203.37
Additions on account of adoption of Ind AS 116	**-**	-	120.44	-	-
Interest accrued during the year	**7.28**	3.36	4.83	9.45	16.23
Termination	**-**	-	(20.90)	(17.30)	-
Cash flow movement	**(35.42)**	(34.64)	(49.40)	(69.36)	(80.52)
Closing balance of lease liabilities	**88.70**	30.59	116.84	61.87	139.08

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of

(CIN: U72900MH1995PLC095642)

Shabbir Readymadewala
Partner
Membership No. 100060

Shailesh Haribhakti
Chairman
DIN-00007347

Suresh Sethi
Managing Director and CEO
DIN-06426040

Place : Mumbai
Date :

Jayesh Sule
Whole Time Director
DIN-07432517

Sudeep Bhatia
Chief Financial Officer

Place : Mumbai
Date :

Maulesh Kantharia
Company Secretary

Currency : (₹ in Million)

2 Property, plant and equipment, capital work-in-progress and other intangible assets

(a)

Particulars	Land freehold	Building	Computers	Data and telecommunication equipment	Electric installation	Office equipment	Furniture and fixtures	Total	Computer software	Total
	Property, plant and equipment								Other intangible assets	
Gross carrying value as of April 1, 2022	**-**	**529.21**	**945.84**	**191.47**	**52.70**	**96.55**	**68.55**	**1,884.32**	**518.83**	**518.83**
Additions	-	3.45	80.79	15.06	-	4.53	0.43	**104.26**	26.35	**26.35**
Gross carrying value as of December 31, 2022	**-**	**532.66**	**1,026.63**	**206.53**	**52.70**	**101.08**	**68.98**	**1,988.58**	**545.18**	**545.18**
Accumulated depreciation as of April 1, 2022	**-**	**405.40**	**671.10**	**142.52**	**41.02**	**76.09**	**41.34**	**1,377.47**	**502.08**	**502.08**
Depreciation	-	1.60	62.68	11.57	1.26	4.83	3.32	**85.26**	18.31	**18.31**
Accumulated depreciation as of December 31, 2022	**-**	**407.00**	**733.78**	**154.09**	**42.28**	**80.92**	**44.66**	**1,462.73**	**520.39**	**520.39**
Net carrying value as of December 31, 2022	**-**	**125.66**	**292.85**	**52.44**	**10.42**	**20.15**	**24.32**	**525.85**	**24.79**	**24.79**

(a)

Particulars	Land freehold	Building	Computers	Data and telecommunication equipment	Electric installation	Office equipment	Furniture and fixtures	Total	Computer software	Total
	Property, plant and equipment								Other intangible assets	
Gross carrying value as of April 1, 2021	**-**	**529.21**	**842.25**	**182.51**	**50.99**	**89.73**	**68.55**	**1,763.24**	**501.97**	**501.97**
Additions	-	-	76.43	8.96	-	2.17	-	**87.56**	13.31	**13.31**
Gross carrying value as of December 31, 2021	**-**	**529.21**	**918.68**	**191.47**	**50.99**	**91.90**	**68.55**	**1,850.80**	**515.28**	**515.28**
Accumulated depreciation as of April 1, 2021	**-**	**403.29**	**593.37**	**126.31**	**39.50**	**70.01**	**36.89**	**1,269.37**	**488.67**	**488.67**
Depreciation		1.59	57.82	12.16	1.17	4.47	3.35	**80.56**	9.53	**9.53**
Accumulated depreciation as of December 31, 2021	**-**	**404.88**	**651.19**	**138.47**	**40.67**	**74.48**	**40.24**	**1,349.93**	**498.20**	**498.20**
Net carrying value as of December 31, 2021	**-**	**124.33**	**267.49**	**53.00**	**10.32**	**17.42**	**28.31**	**500.87**	**17.08**	**17.08**

Currency : (₹ in Million)

(a)

Particulars	Land freehold	Building	Computers	Data and telecommunication equipment	Electric installation	Office equipment	Furniture and fixtures	Total	Computer software	Total
	Property, plant and equipment								Other intangible assets	
Gross carrying value as of April 1, 2021	**-**	**529.21**	**842.25**	**182.51**	**50.99**	**89.73**	**68.55**	**1,763.24**	**501.97**	**501.97**
Additions	-	-	103.59	8.96	1.71	6.82	-	**121.08**	16.86	**16.86**
Gross carrying value as of March 31, 2022	**-**	**529.21**	**945.84**	**191.47**	**52.70**	**96.55**	**68.55**	**1,884.32**	**518.83**	**518.83**
Accumulated depreciation as of April 1, 2021	**-**	**403.29**	**593.37**	**126.31**	**39.50**	**70.01**	**36.89**	**1,269.37**	**488.67**	**488.67**
Depreciation		2.11	77.73	16.21	1.52	6.08	4.45	**108.10**	13.41	**13.41**
Accumulated depreciation as of March 31, 2022	**-**	**405.40**	**671.10**	**142.52**	**41.02**	**76.09**	**41.34**	**1,377.47**	**502.08**	**502.08**
Net carrying value as of March 31, 2022	**-**	**123.81**	**274.74**	**48.95**	**11.68**	**20.46**	**27.21**	**506.85**	**16.75**	**16.75**

(a)

Particulars	Land freehold	Building	Computers	Data and telecommunication equipment	Electric installation	Office equipment	Furniture and fixtures	Total	Computer software	Total
	Property, plant and equipment								Other intangible assets	
Gross carrying value as of April 1, 2020	**-**	**529.21**	**743.96**	**179.88**	**47.32**	**88.62**	**68.55**	**1,657.54**	**485.70**	**485.70**
Additions	-	-	98.29	2.63	3.67	1.11	-	**105.70**	16.27	**16.27**
Gross carrying value as of March 31, 2021	**-**	**529.21**	**842.25**	**182.51**	**50.99**	**89.73**	**68.55**	**1,763.24**	**501.97**	**501.97**
Accumulated depreciation as of April 1, 2020	**-**	**401.19**	**526.21**	**111.20**	**37.80**	**63.52**	**32.09**	**1,172.01**	**481.72**	**464.28**
Depreciation		2.10	67.16	15.11	1.70	6.49	4.80	**97.36**	6.95	**6.95**
Accumulated depreciation as of March 31, 2021	**-**	**403.29**	**593.37**	**126.31**	**39.50**	**70.01**	**36.89**	**1,269.37**	**488.67**	**488.67**
Net carrying value as of March 31, 2021	**-**	**125.92**	**248.88**	**56.20**	**11.49**	**19.72**	**31.66**	**493.87**	**13.30**	**13.30**

Currency : (₹ in Million)

(a)

Particulars	Property, plant and equipment								Other intangible assets	
	Land freehold	Building	Computers	Data and telecommunication equipment	Electric installation	Office equipment	Furniture and fixtures	Total	Computer software	Total
Gross carrying value as of April 1, 2019	**157.40**	**942.20**	**672.73**	**180.61**	**128.53**	**269.49**	**124.73**	**2,475.69**	**482.74**	**485.70**
Additions	-	19.79	71.33	11.21	7.35	16.53	28.89	**155.10**	2.96	**2.96**
Transfer to assets held for sale	157.40	432.78	-	11.94	87.06	196.70	80.57	**966.45**	-	**-**
Deletions	-	-	0.10	-	1.50	0.70	4.50	**6.80**	-	**-**
Gross carrying value as of March 31, 2020	**-**	**529.21**	**743.96**	**179.88**	**47.32**	**88.62**	**68.55**	**1,657.54**	**485.70**	**485.70**
Accumulated depreciation as of April 1, 2019	**-**	**407.37**	**467.02**	**97.59**	**47.38**	**105.70**	**40.26**	**1,165.32**	**441.38**	**441.38**
Depreciation	-	9.17	59.28	17.90	9.65	44.57	12.31	**152.88**	40.34	**40.34**
Transfer to assets held for sale	-	15.35	-	4.29	19.03	86.25	17.59	**142.51**	-	-
Accumulated depreciation on deletion	-	-	0.09	-	0.20	0.50	2.89	**3.68**	-	**-**
Accumulated depreciation as of March 31, 2020	**-**	**401.19**	**526.21**	**111.20**	**37.80**	**63.52**	**32.09**	**1,172.01**	**481.72**	**481.72**
Net carrying value as of March 31, 2020	**-**	**128.02**	**217.75**	**68.68**	**9.52**	**25.10**	**36.46**	**485.53**	**3.98**	**3.98**

(b) **Capital work-in-progress**

(i) Capital work-in-progress on tangible assets

Particulars	**31.12.2022 (₹ in Million)**	**31.12.2021 (₹ in Million)**	**31.03.2022 (₹ in Million)**	**31.03.2021 (₹ in Million)**	**31.03.2020** (₹ in Million)
Balance as of beginning of the period/year	11.74	13.41	13.41	48.00	49.20
Additions	-	159.03	159.56	113.39	165.36
Capitalisation	(11.74)	(162.55)	(161.23)	(147.98)	(166.55)
Balance as at end of the period/year	**(0.00)**	**9.89**	**11.74**	**13.41**	**48.00**

(ii) Intangible assets under development

Particulars	**31.12.2022 (₹ in Million)**	**31.12.2021 (₹ in Million)**	**31.03.2022 (₹ in Million)**	**31.03.2021 (₹ in Million)**	**31.03.2020** (₹ in Million)
Balance as of beginning of the period/year	33.18	0.80	0.80	6.28	2.10
Additions	70.30	-	82.01	53.12	18.16
Capitalisation	-	(0.80)	(49.63)	(58.60)	(13.98)
Balance as at end of the period/year	103.48	-	**33.18**	**0.80**	**6.28**

Currency : (₹ in Million)

Capital-Work-in Progress

Particulars	Amount in CWIP for the period ended December 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (on tangible assets)	-	-	-	-	-
Projects in progress (intangible assets under development)	103.48	-	-	-	103.48

Particulars	Amount in CWIP for the period ended December 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (on tangible assets)	9.69	0.06	-	0.14	9.89

Particulars	Amount in CWIP for the year ended March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (on tangible assets)	11.74	-	-	-	11.74
Projects in progress (intangible assets under development)	33.18	-	-	-	33.18

Particulars	Amount in CWIP for the year ended March 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (on tangible assets)	13.21	0.07	-	0.13	13.41
Projects in progress (intangible assets under development)	0.80	-	-	-	0.80

Particulars	Amount in CWIP for the year ended March 31, 2020				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (on tangible assets)	47.87	-	0.13	-	48.00
Projects in progress (intangible assets under development)	6.28	-	-	-	6.28

Note:- Intangible assets under development completion schedule is not disclosed as the completion of all projects are not overdue and it has not exceeded its cost as compared to original plan.

Currency : (₹ in Million)

3 Assets held for sale

During the financial year 2021-22, the company has sold its data centre unit located at Bangalore at price of ₹ 1,320 Million. The particulars of the assets held for sale is as under. The profit has been recognised as Other Income on this transaction.

Particulars	**WDV of assets as on 31.12.2022 (₹ in Million)**	WDV of assets as on 31.12.2021 (₹ in Million)	WDV of assets as on 31.03.2022 (₹ in Million)	WDV of assets as on 31.03.2021 (₹ in Million)	WDV of assets as on 31.03.2020 (₹ in Million)
Land & Building	-	574.83	-	574.83	574.83
Furniture, fixture and office equipments	-	249.11	-	249.11	249.11
Total	-	823.94	-	823.94	823.94

Currency : (₹ in Million)

4 Non-current investments

Fully Paid Unquoted Equity Investments	**Face value**	**Holdings as at**	**As at December 31, 2022** (₹ in Million)	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Investment in other Companies (at cost)							
1 Open Network for Digital Commerce	₹ 10	*10,00,000	100.00	-	100.00	-	-
* holding as at 31 December, 2022 and 31 March, 2022							
Total (A)			**100.00**	-	100.00	-	-

	Rate of interest %	Year of maturity	No. of bonds/ debentures/ securities As at December 31, 2022	Face value	**As at December 31, 2022** (₹ in Million)	As at December 31, 2021 (₹ in Million)	As at 31 March 2022 (₹ in Million)	As at 31 March 2021 (₹ in Million)	As at 31 March 2020 (₹ in Million)
Quoted debt securities at amortized cost :									
Investment in Bonds									
1 Indian Railway Finance Corporation Limited	8.10	2027	50,000	1,000	53.43	53.43	53.43	53.43	53.43
2 National Highway Authority of India Limited	8.30	2027	2,00,000	1,000	218.17	218.17	218.17	218.17	218.17
3 Indian Railway Finance Corporation Limited	7.34	2028	2,50,000	1,000	257.38	257.38	257.38	257.38	257.38
4 National Highway Authority of India Limited	8.50	2029	80,000	1,000	80.00	80.00	80.00	80.00	80.00
5 Rural Electrification Corporation	8.63	2029	50,000	1,000	50.00	50.00	50.00	50.00	50.00
6 National Thermal Power Corporation Limited	7.37	2035	6,246	1,000	6.25	6.25	6.25	6.25	6.25
7 National Thermal Power Corporation Limited	7.15	2025	90	10,00,000	91.19	91.19	91.19	91.19	91.19
8 Power Finance Corporation Limited	8.46	2028	150	10,00,000	167.18	167.18	167.18	167.18	167.18
9 Rural Electrification Corporation	8.46	2028	250	10,00,000	289.37	289.37	289.37	289.37	289.37
10 National Bank for Agriculture and Rural Development#	7.35	2031	1,50,000	1,000	52.61	52.61	52.61	52.61	157.81
11 National Hydroelectric Power Corporation Limited	8.67	2033	50,000	1,000	63.42	63.42	63.42	63.42	63.42
12 National Bank for Agriculture and Rural Development	7.35	2031	1,00,000	1,000	111.67	111.67	111.67	111.67	111.67
13 Indian Renewable Energy Development Agency Limited	7.17	2025	270	10,00,000	287.70	287.70	287.70	287.70	287.70
14 National Highway Authority of India Limited	7.35	2031	1,00,000	1,000	112.49	112.49	112.49	112.49	112.49
15 National Highway Authority of India Limited	7.39	2031	50,000	1,000	55.57	55.57	55.57	55.57	55.57
16 Indian Railway Finance Corporation Limited	7.35	2031	1,50,000	1,000	166.27	166.27	166.27	166.27	166.27
17 Power Finance Corporation Limited**	9.10	2029	50	10,00,000	51.17	51.17	51.17	51.17	51.17
18 National Hydroelectric Power Corporation Limited**	8.18	2023	50,000	1,000	-	53.75	53.75	53.75	53.75
19 National Highway Authority of India Limited	7.26	2038	50	10,00,000	50.09	-	50.09		
20 National Highway Authority of India Limited	7.26	2038	250	10,00,000	200.90	-	200.90		
21 Indian Railway Finance Corporation Limited	6.95	2036	150	10,00,000	147.72	-	147.72		
22 EXIM Bank Limited	9.25	2022	2	10,00,000	-	-	-	1.99	1.99
23 Rural Electrification Corporation	9.35	2022	4	10,00,000	-	-	-	4.02	4.02
24 HDB Financial Services Limited	9.60	2023	2	10,00,000	-	2.00	-	2.00	2.00
25 HDB Financial Services Limited	10.19	2024	1	10,00,000	1.04	1.04	1.04	1.04	1.04
26 Indian Railway Finance Corporation Limited	9.09	2026	2	10,00,000	2.01	2.01	2.01	2.01	2.01
27 Power Finance Corporation Limited	8.94	2028	4	10,00,000	4.11	4.11	4.11	4.11	4.11
28 Indian Railway Finance Corporation Limited	8.79	2030	1	10,00,000	1.01	1.01	1.01	1.01	1.01
Investment in Non Convertible Debentures									
29 Power Finance Corporation Limited	9.36	2021	2	10,00,000	-	-	-	-	2.00
30 Housing Development and Finance Corporation Limited	9.40	2021	4	10,00,000	-	-	-	-	3.98
31 Power Finance Corporation Limited	8.20	2022	1,00,000	1,000	-	-	-	-	108.39
32 National Housing Bank	8.63	2029	7,220	5,000	36.10	36.10	36.10	36.10	36.10
33 National Housing Bank	8.68	2029	40,000	5,000	205.34	205.34	205.34	205.34	205.34
34 Rural Electrification Corporation	7.21	2022	130	10,00,000	-	-	-	132.91	132.91
35 National Housing Bank	8.46	2028	40	10,00,000	44.27	44.27	44.27	44.27	44.27
36 National Bank for Agriculture and Rural Development@	7.35	2031	2,00,000	1,000	-	-	-	-	222.14
37 National Housing Bank	8.76	2034	20,000	5,000	124.14	124.14	124.14	124.14	124.14
38 National Housing Bank	8.68	2029	10,000	5,000	59.13	59.13	59.13	59.13	59.13
39 Power Finance Corporation Limited@	7.21	2022	150	10,00,000	-	-	-	-	153.76
40 National Thermal Power Corporation Limited*	7.32	2029	150	1,50,000	-	-	-	-	147.56
41 National Thermal Power Corporation Limited*	7.32	2029	250	2,50,000	-	-	-	-	248.85
42 Power Grid Corporation of India Limited*	8.40	2029	100	10,00,000	-	-	-	-	105.93
43 Infrastructure Leasing & Finance Services Limited	9.55	2023	550	1,000	-	0.55	-	0.55	0.55
44 IDFC Bank Limited	8.80	2025	10	10,00,000	9.95	9.95	9.95	9.95	9.95
45 State Bank of India*	9.95	2026	296	10,000	-	-	-	-	3.11
46 India Infrastructure Finance Company Limited	9.41	2037	5	10,00,000	5.60	5.60	5.60	5.60	5.60

Annexure VI - Notes to the Restated Consolidated Financial Information *(Continued)*

Currency : (₹ in Million)

		Rate of interest %	Year of maturity	No. of bonds/ debentures/share As at December 31, 2022	Face value	**As at December 31, 2022 (₹ in Million)**	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Quoted Debt Securities Investments at amortized cost :										
Investment in Government Securities										
47	Government of India (GOI)	7.54	2036	75,00,000	100	745.58	-	-	-	-
48	Government of India (GOI)	9.23	2043	60,000	10,000	702.90	-	-	-	-
49	Government of India (GOI)	7.40	2035	40,00,000	100	400.92				
	# Number of units for year ended 31 Mar 2022 and FY 2020-21 is 50,000 @ Number of units disclosed above pertains to year ended FY 2019-20 **Number of units disclosed above pertains to year ended FY 2021-22, FY 2020-21 and FY 2019-20									
	* Number of units disclosed above pertains to year FY 2019-20									
						4,854.68	2,662.87	3,059.03	2,801.79	3,902.71
	Less : Amortisation of premium					**83.13**	79.64	75.53	64.40	53.10
	Less : Provision for impairment of assets					**0.60**	0.60	0.60	0.60	0.60
	Total (B)					**4,770.95**	2,582.63	2,982.90	2,736.79	3,849.01
	Total (A) + (B)					**4,870.95**	2,582.63	3,082.90	2,736.79	3,849.01
	Aggregate book value of quoted investments {Non-current + Current-(Note 8)}					5,350.18	2,910.17	3,636.26	2,851.30	4,061.10
	Aggregate market value of quoted investments {Non-current + Current-(Note 8)}					5,530.18	3,170.34	3,939.47	3,196.99	4,276.81

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure VI - Notes to the Restated Consolidated Financial Information *(Continued)*

Currency : (₹ in Million)

8 Current investments

		Year of maturity	Rate of interest (%)	**As at December 31, 2022** No. of Units	**Face Value**	**(₹ in Million)**	As at December 31, 2021 No. of Units	Face Value	(₹ in Million)	As at March 31, 2022 No. of Units	Face Value	(₹ in Million)	As at March 31, 2021 No. of Units	Face Value	(₹ in Million)	As at March 31, 2020 No. of Units	Face Value	(₹ in Million)
Quoted securities																		
Non-converible Debentures measured at amortized cost																		
1	Infrastructure Leasing & Finance Services Limited	2023	9.55	550	1,000	0.55	-	-	-	550	1,000	0.55	-	-	-	-	-	-
Bonds measured at amortized cost																		
2	Housing Development and Finance Corporation Limited	2021	8.79	-	-	-	-	-	-	-	-	-	4.00	10,00,000	3.98	-	-	-
3	Power Finance Corporation Limited	2021	9.36	-	-	-	-	-	-	-	-	-	2.00	10,00,000	1.99	-	-	-
4	Power Finance Corporation Limited	2022	8.20	-	-	-	1,00,000	1,000	108.39	-	-	-	1,00,000	1,000	108.39	-	-	-
5	Housing Development and Finance Corporation Limited	2020	8.79	-	-	-	-	-	-	-	-	-	-	-	-	2	10,00,000	1.99
6	Rural Electrification Corporation	2022	9.35	-	-	-	4	10,00,000	4.02	4	10,00,000	4.02	-	-	-	-	-	-
7	EXIM Bank Limited	2022	9.25	-	-	-	2	10,00,000	1.99	2	10,00,000	1.99	-	-	-	-	-	-
8	Rural Electrification Corporation	2022	7.21	-	-	-	130	10,00,000	132.90	130	10,00,000	132.90	-	-	-	-	-	-
9	HDB Financial Services Limited	2023	9.60	2	10,00,000	2.00	-	-	-	2	10,00,000	2.00	-	-	-	-	-	-
10	National Hydroelectric Power Corporation Limited	2023	8.18	50,000	5,00,00,000	53.75	-	-	-	-	-	-	-	-	-	-	-	-
Investments carried at fair value through profit or loss :																		
Liquid Mutual funds																		
1	Axis Liquid Fund - Direct Plan - Daily IDCW			53,288.08	1,000.96	53.34	51,021.00	1,001	51.07	51,021	1,001	51.48	-	-	-	52,576	1,001	52.63
2	UTI Liquid Cash Plan - Direct Plan - Daily Reinvestment of IDCW			50,953.47	1,049.88	53.50	49,486.00	1,034	51.15	49,486	1,034	51.61	-	-	-	464	1,019	52.59
3	LIC MF Liquid Fund- Direct Plan - IDCW			52,608.37	1,013.60	53.32	50,400.00	1,014	51.09	50,400	1,014	51.50	-	-	-	47,935	1,098	52.63
4	ICICI Prudential Liquid Fund - Direct Plan - Daily IDCW			5,32,260.51	100.11	53.28	5,10,110.00	100	51.07	5,10,110	100	51.48	-	-	-	5,21,726	100	52.23
5	Aditya Birla Sun Life Money Manager Fund- Daily IDCW			5,32,345.26	100.21	53.35	5,09,788.00	100	51.08	5,09,788	100	51.49	-	-	-	-	-	-
6	IDFC Cash Fund- Daily IDCW			53,204.14	1,001.84	53.30	50,968.00	1,002	51.05	50,968	1,002	51.46	-	-	-	3,304	-	-
7	Canara Robeco Liquid Fund- Direct Daily IDCW			52,983.87	1,005.50	53.28	50,756.00	1,006	51.03	50,756	1,006	51.43	-	-	-	-	-	-
8	Sundaram Liquid Fund (Formerly Principal Cash Management Fund- Direct Plan IDCW Daily Reinvestment)			53,267.75	1,000.81	53.31	51,005.00	1,001	51.04	51,418.97	1,000.64	51.45	-	-	-	-	-	-
	Less : Amortisation of premium on Bonds / Non Convertible Debentures					3.75												
	Total					**479.23**			**655.88**			**553.36**			**114.36**			**212.07**

Currency : (₹ in Million)

5 Other financial assets

(Unsecured considered good)

	Non-current					Current				
	31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)	**31.12.2022 (₹ in Million)**	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Others										
Security deposits	**62.11**	130.52	101.08	125.66	144.83	**0.53**	-	-	-	-
Interest accrued on investments	-	-	-	-	-	**118.06**	100.41	102.62	91.63	124.28
Interest accrued on bank deposits	-	13.47	-	4.87	1.33	**11.82**	8.07	13.62	5.20	4.60
Restricted deposits with banks against performance guarantee	**78.67**	79.88	74.65	78.52	78.55	-	-	-	-	-
Other financial receivable*	-	-	-	-	-	**77.87**	-	39.76	-	-
Bank Deposits with original maturity for more than 12 months	**30.10**	-	-	-	-	-	-	-	-	-
Unbilled receivables	-	-	-	3.78	14.00	**7.18**	17.48	5.54	94.39	87.75
Loans to employees	-	-	-	-	0.21	-	-	-	-	-
Total	**170.88**	223.87	175.73	212.83	238.92	**215.46**	125.96	161.54	191.22	216.63

* Cost incurred towards listing of shares related procedure, recoverable from selling shareholders.

6 Income taxes

(A) The major components of income tax expense for the year/period ended are:

Profit and loss section

Particulars	**31.12.2022 (₹ in Million)**	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Current taxes	**259.36**	249.82	525.16	298.90	376.10
Deferred taxes					
- Origination and reversal of temporary differences	**(18.71)**	(38.24)	(108.30)	(60.73)	(18.47)
Income tax expense reported in the statement of profit and loss	**240.65**	211.59	416.86	238.17	357.63

OCI section

Deferred tax benefits related to items recognised in OCI during the year/period ended:

Particulars	**31.12.2022 (₹ in Million)**	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Re-measurement of the defined benefit liability / asset	-	-	-	-	-
	-	-	-	-	-

(₹ in Million)

Particulars	**Period ended 31.12.2022**	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Profit before income taxes	**995.30**	950.90	1,856.23	1,160.02	1,576.17
Applicable enacted tax rates in India	**25.17%**	25.17%	25.17%	25.17%	25.17%
Computed expected tax expense	**250.52**	239.34	467.21	291.98	396.72
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:					
Income exempt from tax	**(37.29)**	(42.00)	(51.63)	(58.70)	(64.30)
Expense not allowed for taxation purpose	**11.72**	6.00	20.96	8.60	28.40
Income taxable at different rate	-	-	-	(7.62)	-
Effect on deferred tax balances due to the change in income tax rate	-	-	-	-	(3.36)
Earlier year (short) / Excess provision	-	-	-	-	-
Others	**15.70**	8.25	(19.68)	3.91	0.17
Total income tax expense	**240.65**	211.59	416.86	238.17	357.63

Currency : (₹ in Million)

6 Income taxes *(Continued)*

The movement in the current income tax asset/ (liability) for the year ended, is as follows:

Particulars	**31.12.2022 (₹ in Million)**	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Net current income tax asset at the beginning	**230.49**	277.20	277.20	256.98	132.31
Income tax paid	**312.18**	261.70	478.45	319.12	500.77
Current income tax expense	**(259.36)**	(249.82)	(525.16)	(298.90)	(376.10)
Net current income tax liability at the end	**-**	(20.00)	(39.22)	-	-
Net non current income tax assets at the end*	**283.31**	289.08	269.71	277.20	256.98

* For the year ended March 31, 2019, amount is net of liability of ₹ 53.24 Million and for the period ended December 31, 2021, amount of net liability of ₹ 20.00 Million (ner off advance tax of ₹ 280.00 Million).

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:

Particulars	**31.12.2022 (₹ in Million)**	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Deferred tax assets					
Provision for compensated absences	**38.96**	37.83	38.03	35.63	32.17
Provision for doubtful debts	**203.35**	153.62	176.92	103.21	26.76
Amortisation of expense	**-**	-	-	0.86	0.86
Right of use assets and lease liabilities	**-**	2.58	-	3.18	3.94
Adjustment on initial application of Ind AS 115	**-**	-	-	0.16	0.16
Total deferred tax assets	**242.31**	194.03	214.95	143.04	63.89
Deferred tax liabilities					
Difference between tax balance and book balance of property, plant, equipment and intangible assets	**23.81**	64.56	13.78	50.72	26.70
Adjustment on initial application of Ind AS 115	**-**	-	-	-	-
Others	**1.26**	-	2.64	1.06	2.36
Employee incentive plan	**-**	-	-	0.03	4.33
Total deferred tax liabilities	**25.07**	64.56	16.42	51.81	33.39
Deferred tax assets (net)	**217.24**	129.47	198.53	91.23	30.50

Currency : (₹ in Million)

6 Income taxes *(Continued)*

The gross movement in the deferred income tax account for the year/period ended, is as follows:

(₹ in Million)

	31.12.2022			31.12.2021			31.03.2022			31.03.2021			31.03.2020		
	Opening balance	**Recognised in profit and loss**	**Closing balance**	Opening balance	Recognised in profit and loss	Closing balance	Opening balance	Recognised in profit and loss	Closing balance	Opening balance	Recognised in profit and loss	Closing balance	Opening balance	Recognised in profit and loss	Closing balance
Deferred tax assets/(liabilities) in relation to:															
Property, plant and equipment and intangible assets	**(13.78)**	**(10.03)**	**(23.81)**	(50.72)	(13.84)	(64.56)	(50.72)	36.94	(13.78)	(26.70)	(24.02)	(50.72)	(32.20)	5.50	(26.70)
Provision for compensated absences	**38.03**	**0.93**	**38.96**	35.63	2.19	37.83	35.63	2.40	38.03	32.17	3.46	35.63	37.47	(5.30)	32.17
Employee incentive plan	**-**	**-**	**-**	(0.03)	0.03	-	(0.03)	0.03	-	(4.33)	4.30	(0.03)	10.17	(14.50)	(4.33)
Amortisation of revenue	**-**	**-**	**-**	(1.06)	1.06	-	(1.06)	1.06	-	(2.36)	1.30	(1.06)	(11.13)	8.77	(2.36)
Provision of doubtful debts	**176.92**	**26.43**	**203.35**	103.21	50.41	153.62	103.21	73.71	176.92	26.76	76.45	103.21	4.16	22.60	26.76
Others	**(2.64)**	**1.38**	**(1.26)**	3.18	(0.60)	2.58	3.18	(5.82)	(2.64)	3.94	(0.76)	3.18	3.74	0.20	3.94
Amortisation of expense	**-**	**-**	**-**	0.86	(0.86)	-	0.86	(0.86)	-	0.86	-	0.86	4.26	(3.40)	0.86
Adjustment on initial application of Ind AS 115	**-**	**-**	**-**	0.16	(0.16)	-	0.16	(0.16)	-	0.16	-	0.16	(4.44)	4.60	0.16
Deferred tax assets (net)	**198.53**	**18.71**	**217.24**	91.23	38.24	129.47	91.23	108.30	198.53	30.50	60.73	91.23	12.03	18.47	30.50

Currency : (₹ in Million)

7 Other assets

(Unsecured considered good)

		Non-current					Current				
		31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)	**31.12.2022 (₹ in Million)**	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
(A)	**Capital advances**	**3.60**	1.43	1.42	1.43	1.44	**-**	-	-	-	-
(B)	**Other advances**										
	Prepaid expenses	**0.82**	3.20	5.97	10.23	4.11	**73.20**	84.48	93.02	48.20	61.45
	Deferred expenses	**32.98**	-	41.07	-	-	**-**	-	22.04	-	-
	GST credit receivable*	**-**	72.55	-	-	-	**134.62**	88.97	119.15	219.44	180.72
	Advance to suppliers	**-**	-	-	-	-	**202.74**	203.61	132.67	155.19	185.13
	Other assets	**-**	1.47	-	8.93	13.15	**0.74**	63.12	0.50	25.40	36.00
		37.40	78.64	48.46	20.59	18.70	**411.30**	440.18	367.38	448.23	463.30

* GST credit receivable as on 31.12.2022 is after adjusting ₹ 50.00 Million provision for doubtful GST credit receivable written off (31.12.2021 - Nil, 31.03.2022 - ₹ 33.82 Million, 31.03.2021-Nil, 31.03.2020-Nil).

Currency : (₹ in Million)

9 Trade receivables

Particulars	**31.12.2022**	31.12.2021	31.03.2022	31.03.2021	31.03.2020
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Unsecured, considered good	**2,829.90**	2,832.96	2,701.34	2,375.73	2,213.44
Less: Allowance for doubtful trade receivables (Refer Note 24.3)	**(807.90)**	(598.80)	(702.90)	(398.30)	(106.30)
Considered good	**2,022.00**	2,234.16	1,998.44	1,977.43	2,107.14
Trade receivables - credit impaired	**-**	11.90	-	11.90	11.90
Less: Allowance for doubtful trade receivables (Refer Note 24.3)	**-**	(11.90)	-	(11.90)	(11.90)
Credit impaired	-	-	-	-	-
	2,022.00	2,234.16	1,998.44	1,977.43	2,107.14

10 Cash and cash equivalents

	31.12.2022	31.12.2021	31.03.2022	31.03.2021	31.03.2020
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Balances with banks in current accounts	**413.08**	522.97	796.76	734.48	410.31
Cheques in hand	**-**	-	20.31	-	-
Bank Deposits with original maturity for less than 3 months	**-**	-	1,250.00	-	-
Cash on hand	**0.10**	0.13	0.13	0.13	0.12
	413.18	523.10	2,067.20	734.61	410.43

Currency : (₹ in Million)

11 Other bank balances

	31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Bank Deposits with original maturity for more than 3 months but less than 12 months	**327.60**	511.03	267.81	416.83	90.64
Total	**327.60**	511.03	267.81	416.83	90.64

Portion of deposits held as restricted deposits with banks against performance guarantee are recognised under Note 5 'Other financial assets'.

12 Equity share capital

	31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Authorised					
50,00,00,000 (December 31, 2021: 50,00,00,000, March 31, 2022: 50,00,00,000, March 31, 2021: 50,00,00,000, March 31, 2020: 50,00,00,000) equity shares of ₹ 10 each.	**5,000.00**	5,000.00	5,000.00	5,000.00	5,000.00
Issued, Subscribed and Paid-up					
4,03,87,974 (December 31, 2021: 4,02,67,130, March 31, 2022: 4,03,84,076, March 31, 2021: 4,01,39,462; March 31, 2020: 4,00,07,981) equity shares of ₹ 10 each fully paid up.	**403.88**	402.67	403.84	401.39	400.08
Total	**403.88**	402.67	403.84	401.39	400.08

Currency : (₹ in Million)

12 Equity share capital *(Continued)*

a) Reconciliation of number of shares

	As at December 31, 2022		As at December 31, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)	Number of shares	Amount (₹ in Million)
Equity shares										
Opening balance	4,03,84,076	403.84	4,01,39,462	401.39	4,01,39,462	401.39	4,00,07,981	400.08	4,00,05,300	400.05
Issue of shares during the year/period	3,898	0.04	1,27,668	1.28	2,44,614	2.45	1,31,481	1.31	2,681	0.03
Closing balance	4,03,87,974	403.88	4,02,67,130	402.67	4,03,84,076	403.84	4,01,39,462	401.39	4,00,07,981	400.08

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of shareholders holding more than 5% share in the Company

	As at 31.12.2022		As at 31.12.2021		As at 31.03.2022		As at 31.03.2021		As at 31.03.2020	
	Numbers of Shares Held	**% of Holding**	Numbers of Shares Held	% of Holding	Numbers of Shares Held	% of Holding	Numbers of Shares Held	% of Holding	Numbers of Shares Held	% of Holding
NSE Investments Limited	**1,00,18,000**	**24.80**	1,00,18,000	24.88	1,00,18,000	24.81	1,00,18,000	24.96	1,00,18,000	25.04
IIFL Special Opportunities Fund	**28,94,507**	**7.17**	28,94,507	7.19	28,94,507	7.17	28,94,507	7.21	28,94,507	7.24
Administrator of Specified Undertaking of Unit Trust of India	**27,32,000**	**6.76**	27,32,000	6.78	27,32,000	6.77	27,32,000	6.81	27,32,000	6.83
IIFL Special Opportunities Fund – Series 4	**24,99,178**	**6.19**	24,99,178	6.21	24,99,178	6.19	24,99,178	6.23	24,99,178	6.25
IIFL Special Opportunities Fund – Series 2	**20,16,366**	**4.99**	20,16,366	5.01	20,16,366	4.99	20,16,366	5.02	20,16,366	5.04

d) Information on equity shares alloted without receipt of cash or alloted as bonus shares or shares bought back

The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during preceding five financial years.

Currency : (₹ in Million)

13 Other Equity

		31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
a)	**Capital redemption reserve**					
	Balance at the beginning of the year/period	**250.00**	250.00	250.00	250.00	250.00
	Balance at the end of the year/period	**250.00**	250.00	250.00	250.00	250.00
b)	**General reserve**					
	Balance at the beginning of the year/period	**3,986.49**	3,986.49	3,986.49	3,984.30	3,984.30
	(i)Transfer from ESOP Reserve on options unexercised	**-**	-	-	2.19	-
	Balance at the end of the year/period	**3,986.49**	3,986.49	3,986.49	3,986.49	3,984.30
c)	**Retained earnings**					
	Balance at the beginning of the year/period	**3,053.12**	1,940.19	1,940.19	2,851.90	1,984.00
	(i) Dividend	**(403.84)**	(362.40)	(362.72)	(1,804.96)	(313.49)
	(ii) Profit for the year/period	**754.65**	739.31	1,439.40	921.85	1,219.25
	(iii) Re-measurement of the defined benefit net liability / asset	**(6.86)**	8.86	36.25	(28.60)	(37.86)
	Balance at the end of the year/period	**3,397.07**	2,325.96	3,053.12	1,940.19	2,851.90
d)	**ESOP reserve**					
	Balance at the beginning of the year/period	**22.40**	45.88	45.88	47.32	35.31
	(i) Share based payment expense	**19.96**	13.12	15.65	11.41	12.01
	(ii) Transfer to General Reserve/Securities Premium on exercise of stock options/ options unexercised	**(0.55)**	-	(39.13)	(12.85)	-
	Balance at the end of the year /period	**41.81**	59.00	22.40	45.88	47.32
e)	**Securities premium**					
	Balance at the beginning of the year/period	**166.04**	52.49	52.49	2.39	1.59
	(i) Issue of shares to employees on account of exercise of stock options	**1.17**	38.30	73.38	39.44	0.80
	(ii) Transfer from ESOP Reserve on exercise of stock options	**0.55**	-	40.17	10.66	-
	Balance at the end of the year/period	**167.76**	90.79	166.04	52.49	2.39
		7,843.13	6,712.24	7,478.05	6,275.05	7,135.91

Protean eGov Technologies Limited
(Formerly known as NSDL e-Governance Infrastructure Limited)
Annexure VI - Notes to the Restated Consolidated Financial Information *(Continued)*

Currency : (₹ in Million)

14 Trade payables

	Current				
	31.12.2022	31.12.2021	31.03.2022	31.03.2021	31.03.2020
Trade payables	**(₹ in Million)**	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Dues of micro enterprises and small enterprises	**124.06**	48.11	56.63	167.10	60.60
Dues of creditors other than micro enterprises and small enterprises	**822.28**	1,074.93	900.59	821.31	826.24
	946.34	1,123.04	957.22	988.41	886.84

15 Other financial liabilities

	Non-current					Current				
	31.12.2022	31.12.2021	31.03.2022	31.03.2021	31.03.2020	**31.12.2022**	31.12.2021	31.03.2022	31.03.2021	31.03.2020
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	**(₹ in Million)**	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Creditors for capital expenditure	-	-	-	-	-	**4.90**	0.09	2.41	23.68	35.03
Directors' commission payable	-	-	-	-	-	**7.50**	9.85	12.83	8.90	12.20
Employee benefits payable	-	-	-	-	-	**12.72**	16.80	11.47	9.81	4.18
Employee incentives payable	-	-	-	-	-	**101.78**	81.93	92.46	91.71	112.65
Unpaid dividend	-	-	-	-	-	**-**	-	-	-	-
Other liabilities	-	-	-	-	-	**17.79**	16.29	14.66	18.61	15.55
Total	**-**	-	-	-	-	**144.69**	124.96	133.83	152.71	179.61

16 Provisions

	Non-current					Current				
	31.12.2022	31.12.2021	31.03.2022	31.03.2021	31.03.2020	**31.12.2022**	31.12.2021	31.03.2022	31.03.2021	31.03.2020
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	**(₹ in Million)**	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Provision for employee benefits										
Provision for gratuity	**3.30**	36.94	20.14	69.65	-	**37.52**	31.13	32.68	26.45	67.19
Provision for compensated absences	**139.79**	132.48	131.66	134.71	98.60	**14.99**	18.47	19.45	7.38	29.30
Total	**143.09**	169.42	151.80	204.36	98.60	**52.51**	49.60	52.13	33.83	96.49

17 Other liabilities

	Non-current					Current				
	31.12.2022	31.12.2021	31.03.2022	31.03.2021	31.03.2020	**31.12.2022**	31.12.2021	31.03.2022	31.03.2021	31.03.2020
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	**(₹ in Million)**	(₹ in Million)	(₹ in Million)	(₹in Million)	(₹in Million)
Contract liability*	**41.23**	13.14	13.68	11.22	16.44	**359.73**	404.61	378.53	363.72	337.09
Statutory dues payable:										
Goods and services tax payable	**-**	-	-	-	-	**138.94**	101.52	94.24	79.62	80.06
TDS payable	**-**	-	-	-	-	**23.30**	15.36	58.49	45.76	24.99
Other statutory liabilities	**-**	-	-	-	-	**8.53**	5.20	5.40	7.75	5.41
Total	**41.23**	13.14	13.68	11.22	16.44	**530.50**	526.68	536.66	496.85	447.55

*includes deferred revenue (December 31, 2022: ₹ 41.23 Million, December 31, 2021: ₹ 40.11 Million, March 31, 2022: ₹ 36.35 Million, March 31, 2021: ₹ 41.60 Million, March 31, 2020: ₹ 57.13 Million)

Currency : (₹ in Million)

18 Revenue from operations

	31.12.2022	31.12.2021	31.03.2022	31.03.2021	31.03.2020
	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Sale of services :					
Transaction fees	**3,466.09**	3,866.13	4,857.16	4,413.21	5,696.34
Accounts maintenance fees	**1,626.07**	1,193.45	2,038.64	1,606.95	1,417.51
Other operational income	**10.04**	8.73	13.29	11.16	47.54
Total	**5,102.20**	5,068.30	6,909.09	6,031.32	7,161.39

Information about major customers:

No single customer represents 10% or more of the Group's total revenue during the period/year ended December 31, 2022, December 31, 2021, March 31, 2022, March 31, 2021 and March 31, 2020.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts. Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as changes in scope of contracts, periodic revalidations of the estimates, economic factors, etc.

During the years ended March 31, 2022, March 31, 2021, and March 31, 2020 and during the period ended December 31, 2022 and December 31, 2021 no revenue is earned from Sale of distinct software and manufactured systems/traded goods.

The table below discloses the movement in contract liabilities during the year/period ended

Particulars	**December 31, 2022**	**December 31, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year/period	392.21	374.94	374.94	353.53	429.65
Add: Advance received for which no revenue is recognised during the year/period	**234.26**	204.05	187.43	308.16	292.53
Less: Revenue recognised that was included in contract liabilities at the beginning of the year/period	**(225.51)**	(161.24)	(170.16)	(286.75)	(368.65)
Balance at the end of the year/period	400.96	417.75	392.21	374.94	353.53

Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

Reconciliation of revenue recognised in the statement of profit and loss with the contracted price	**December 31, 2022**	December 31, 2021	31 March 2022	31 March 2021	31 March 2020
Particulars	**(₹ in Million)**	(₹ in Million)	(₹ in Million)	(₹ in Million)	(₹ in Million)
Contracted price with the customers	**5,102.20**	5,068.30	6,909.09	6,031.32	7,161.39
Less/Add: Adjustments	-	-	-	-	-
Revenue from contracts with customers (as per Statement of Profit and Loss)	**5,102.20**	5,068.30	6,909.09	6,031.32	7,161.39

Currency : (₹ in Million)

19 Other income

	31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Interest on assets measured at amortized cost					
- financial assets	**228.88**	151.36	196.54	262.66	250.46
- bank deposits	**35.42**	27.14	38.19	24.77	19.00
- overdue trade receivables	**-**	15.25	15.25	110.75	67.69
- security deposits	**1.34**	5.58	7.61	6.87	7.65
Dividend income	**16.07**	9.47	13.11	9.22	16.28
Support charges	**6.62**	4.76	5.91	7.45	6.58
Miscellaneous income	**15.34**	0.19	26.74	-	0.21
Profit on sale of investments carried at amortized cost	**-**	0.02	0.02	52.28	-
Sundry Balances Written Back	**-**	-	28.90	-	-
Profit on sale of assets (net)	**-**	-	438.96	-	-
(Refer Note 3)	**-**				
Profit on discard of leased assets (net)	**-**	-	4.84	-	-
Others	-	12.44	16.60	14.95	17.14
Total	**303.67**	226.21	792.67	488.95	385.01

20 Employee benefits expenses

	31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Salaries, wages and bonus	**711.67**	476.79	647.15	644.07	576.31
Share based payment expense	**19.96**	13.12	15.65	11.41	12.01
Contribution to provident and other funds	**88.96**	64.45	87.56	80.35	69.87
Staff welfare expenses	**23.35**	21.12	36.40	16.84	28.09
Total	**843.94**	575.48	786.76	752.67	686.28

Currency : (₹ in Million)

21 Other expenses

	31.12.2022 (₹ in Million)	31.12.2021 (₹ in Million)	31.03.2022 (₹ in Million)	31.03.2021 (₹ in Million)	31.03.2020 (₹ in Million)
Rent	**3.45**	8.41	2.27	4.11	11.21
Communication expenses	**70.72**	78.70	104.15	93.18	79.64
Travelling and conveyance	**43.78**	8.05	11.78	8.41	65.11
Annual fees	**80.49**	73.82	99.84	106.29	93.28
Processing charges	**2,173.57**	2,546.74	3,363.04	3,136.80	3,845.66
Repairs and maintenance	**-**				
- To buildings	**24.33**	19.40	25.06	26.57	29.40
- To computers, trading and telecommunication systems	**669.70**	495.42	661.15	529.90	554.48
- To others	**12.89**	11.68	17.81	13.06	8.50
Insurance	**7.89**	25.33	26.63	15.79	14.80
Rates and taxes	**11.61**	12.04	16.59	18.31	9.90
Advertisement and publicity	**38.49**	24.86	45.85	3.26	10.96
Legal and Professional fees	**76.87**	78.04	97.79	44.91	42.47
Printing and stationery expenses	**0.21**	1.69	1.82	0.68	1.91
Payment to auditors (Refer Note below)	**3.76**	2.04	4.48	4.00	4.00
Electricity charges / power and fuel	**26.81**	19.55	26.62	32.83	37.16
Directors' sitting fees	**8.40**	4.85	6.65	3.60	3.00
Directors' commission	**7.89**	8.00	14.35	8.90	12.10
Provision for doubtful debts	**105.00**	200.50	303.73	292.00	106.30
Bad Debts Written Off	**0.81**	0.23	-	-	-
Loss on sale of property, plant and equipment	**-**	-	-	-	0.10
Expenditure incurred on CSR activities	**24.60**	11.47	34.78	57.64	18.09
Provision for doubtful GST credit	**11.64**	-	-	-	-
Miscellaneous expenses	**20.57**	11.35	19.60	29.98	49.54
Total	**3,423.48**	3,642.17	4,883.99	4,430.22	4,997.61
Note :					
Payment to auditors (excluding taxes)					
As auditor :					
Audit fees*	**3.41**	2.04	2.93	2.70	2.70
Tax audit fee	**-**	-	0.20	0.20	0.20
In other capacity:					
Certification matters	**0.35**	-	0.60	0.60	0.60
Limited review	**-**	-	0.75	0.50	0.50
Total	**3.76**	2.04	4.48	4.00	4.00

** Payment to auditors excludes payment related to Public offering which is recoverable from selling shareholders.*

Currency : (₹ in Million)

22 Earnings per share

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Net profit attributable to shareholders of the Company	**754.65**	739.31	1,439.40	921.85	1,219.25
Weighted Average number of equity shares issued for basic EPS	**4,03,85,423**	4,02,67,130	4,02,31,036	4,00,50,487	4,00,05,469
Basic earnings per share of ₹ 10/- each (in ₹)	**18.69**	18.36	35.78	23.02	30.48
Weighted Average number of equity shares issued for diluted EPS	**4,04,47,681**	4,02,76,856	4,02,67,516	4,00,85,730	4,00,96,691
Diluted earnings per share of ₹ 10/- each (in ₹)	**18.66**	18.36	35.75	23.00	30.41

Movement of weighted average number of equity shares for the year/period :

Particulars	**April 1, 2022 to December 31, 2022**		April 1, 2021 to December 31, 2021		2021-22		2020-21		2019-20	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Balance at the beginning of the year/period	4,03,84,076	4,03,84,076	4,01,39,462	4,01,39,462	4,01,39,462	4,01,39,462	4,00,07,981	4,00,07,981	4,00,05,300	4,00,05,300
Effect of share option exercised	1,347	63,605	1,27,668	1,37,394	91,574	1,28,054	42,506	77,749	169	91,391
Weighted average number of equity shares for the year/period	**4,03,85,423**	**4,04,47,681**	4,02,67,130	4,02,76,856	4,02,31,036	4,02,67,516	4,00,50,487	4,00,85,730	4,00,05,469	4,00,96,691

Currency : (₹ in Million)

23 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefits:

i) **Defined contribution plan:**

(a) The Group's contribution towards superannuation amounts to ₹ 17.56 Million, ₹ 18.39 Million, and ₹ 15.55 Million for year ended March 31, 2022, March 31, 2021, and March 31, 2020 respectively and ₹ 13.38 Million and ₹ 12.36 Million for the period ended December 31, 2022 and December 31, 2021 respectively. These contributions are made to the fund administered and managed by Life Insurance Corporation of India. The Group's monthly contributions are charged to the statement of profit and loss in the year they are incurred.

(b) Provident fund: Eligible employees of the Group receive benefit under the provident fund which is a defined contribution plan where in both the employee and the Group make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the fund administered and managed by the Government of India. The Group's monthly contributions are charged to the statement of profit and loss in the year they are incurred. The total charge for the year amounts to ₹ 26.67 Million, ₹ 25.42 Million, and ₹ 23.40 Million for year ended March 31, 2022, March 31, 2021, and March 31, 2020 respectively ₹ 35.03 Million and 20.73 Million for the period ended December 31, 2022 and December 31, 2021 respectively.

ii) **Defined benefit plan :**

(a) Gratuity: The Group has charged the gratuity expense to statement of profit & loss based on the actuarial valuation of gratuity liability at the end of the year/period. The actuarial valuation has been performed using projected unit credit method.

(i) Assumptions:

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Weighted average duration of the projected benefit obligation	**11**	11	11	11	9
Discount rate	**7.57%**	6.96%	7.23%	6.80%	6.87%
Rate of return on plan assets	**7.57%**	6.96%	7.23%	6.80%	6.87%
Salary escalation	**8.00%**	8.00%	8.00%	8.00%	8.00%
Attrition rate	**5.00%**	5.00%	5.00%	5.00%	5.00%

Currency : (₹ in Million)

23 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefits: *(Continued)*

ii) **Defined benefit plan : *(Continued)***

(ii) Sensitivity analysis

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Delta effect of +1% change in rate of discounting	**(36.57)**	(38.41)	(36.52)	(37.14)	(32.33)
Delta effect of -1% change in rate of discounting	**42.16**	44.63	42.36	43.29	37.76
Delta effect of +1% change in rate of salary increase	**41.57**	43.72	41.62	42.35	36.97
Delta effect of -1% change in rate of salary increase	**(36.75)**	(38.40)	(36.59)	(37.07)	(32.29)
Delta effect of +1% change in rate of employee turnover	**(1.61)**	(3.48)	(2.56)	(3.95)	(3.34)
Delta effect of -1% change in rate of employee turnover	**1.77**	3.89	2.85	4.43	3.75

(iii) Table showing change in benefit obligation:

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Present value of benefit obligation at the beginning of the year/period	**472.33**	437.89	437.89	439.85	356.75
Interest cost	**27.06**	22.39	29.85	30.12	27.78
Current service cost	**26.69**	26.34	36.27	30.35	26.77
Benefits paid from the fund	**(36.69)**	(3.71)	(6.32)	(85.33)	(7.94)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	**-**	0.18	0.17	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	**(13.66)**	(4.54)	(17.44)	2.79	29.09
Actuarial (gains)/losses on obligations - due to experience	**17.24**	4.70	(8.09)	20.11	7.40
Present value of benefit obligation at the end of the year/period	**492.97**	483.25	472.33	437.89	439.85

Currency : (₹ in Million)

23 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefits: *(Continued)*

ii) **Defined benefit plan : *(Continued)***

(iv) Table showing fair value of plan assets:

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Fair value of plan assets at the beginning of the year/period	**419.51**	341.79	341.79	372.66	328.69
Interest income	**24.03**	17.37	23.16	25.50	25.60
Contributions by the employer	**48.58**	51.16	49.97	34.66	27.78
Benefits paid from the fund	**(36.69)**	(3.71)	(6.32)	(85.33)	(7.94)
Return on plan assets, excluding interest income	**(3.28)**	8.57	10.91	(5.70)	(1.47)
Fair value of plan assets at the end of the year/period	**452.15**	415.18	419.51	341.79	372.66

(v) Amount recognised in the Balance Sheet

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Fair value of plan assets as at the end of the year/period	**452.15**	415.18	419.51	341.79	372.66
Present value of benefit obligation at the end of the year/period	**492.97**	483.25	472.33	437.89	439.85
Net (liability) / asset recognised in the Balance Sheet	**(40.82)**	(68.07)	(52.82)	(96.10)	(67.19)

(vi) Net interest cost for current year/period

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Interest cost	**27.06**	22.39	29.85	30.12	27.78
Interest income	**(24.03)**	(17.37)	(23.16)	(25.50)	(25.60)
Net interest cost for current year/period	**3.03**	5.02	6.69	4.62	2.18

(vii) Expenses recognised in the Statement of profit and loss

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Current service cost	**26.69**	26.34	36.27	30.35	26.77
Net interest cost	**3.03**	5.02	6.69	4.62	2.18
Expenses recognised in the Statement of profit and loss	**29.72**	31.36	42.96	34.97	28.95

Currency : (₹ in Million)

23 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefits: *(Continued)*

(viii) Expenses recognised in the other comprehensive income

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Return on plan assets, excluding interest income	**3.28**	(8.57)	(10.91)	5.70	1.37
Actuarial (gains)/losses on obligation for the year/period	**3.58**	0.16	(25.34)	22.90	36.49
Net expense for the year/period recognized in OCI	**6.86**	(8.41)	(36.25)	28.60	37.86

(ix) Balance sheet reconciliation

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Opening net liability	**52.82**	96.10	96.10	67.19	28.06
Expenses recognized in statement of profit and loss	**29.72**	31.36	42.94	34.97	28.95
Expenses recognized in OCI	**6.86**	(8.41)	(36.25)	28.60	37.96
Employers contribution	**(48.58)**	(51.16)	(49.97)	(34.66)	(27.78)
Net liability/(asset) recognised in the balance sheet	**40.82**	67.89	52.82	96.10	67.19

(x) Category of assets

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Insurer managed funds	**452.15**	415.18	419.51	341.79	372.66
Total	**452.15**	415.18	419.51	341.79	372.66

(xi) Expected contribution for next year

(₹ in Million)

	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Expected contribution for next year	42.44	68.07	32.68	28.77	67.19
Total	**42.44**	**68.07**	**32.68**	28.77	67.19

Currency : (₹ in Million)

23 Disclosure under Indian Accounting Standard 19 (Ind AS 19) on Employee Benefits: *(Continued)*

(xii) Maturity Analysis of the Benefit Payments

(₹ in Million)

Particulars	Period ended 31.12.2022	Period ended 31.12.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Projected Benefits Payable in Future Years From the Date of Reporting					
1st Following Year	**66.36**	66.17	69.81	20.53	88.21
2nd Following Year	**23.20**	22.30	21.17	27.29	18.00
3rd Following Year	**28.00**	22.03	21.91	56.32	24.01
4th Following Year	**55.45**	24.46	32.77	20.45	49.86
5th Following Year	**49.22**	50.15	53.35	28.74	17.71
Sum of Years 6 To 10	**148.79**	168.31	149.19	164.10	140.42
Sum of Years 11 and above	**691.31**	666.28	665.18	630.61	558.56

(xiii) Details of the benefit plan for the current year/period and previous four years:

(₹ in Million)

	April 1, 2022 to December 31, 2022	April 1, 2021 to December 31, 2021	2021-22	2020-21	2019-20	2018-2019	2017-2018
Present value of the defined benefit obligation	492.97	483.25	472.31	437.89	439.85	356.75	307.00
Fair value of the plan assets	452.15	415.18	419.51	341.79	372.66	328.69	273.70
(Deficit) in the plan	40.82	68.07	52.80	96.10	67.19	28.06	33.30
Experience adjustments arising on							
- plan assets	-	-	-	-	-	-	-
- plan liabilities loss / (gain)	17.24	4.70	(8.09)	20.11	7.38	4.99	15.40

25 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and allocating performance. The Group's Chief Executive Officer and Managing Director form the Chief Operating Decision Makers.
The Group is mainly engaged in the business of providing IT enabled e-Governance services to its clients in India. All other activities of the Group revolve around the main business. These activities are conducted only in one geographic segment viz India. Therefore, the disclosure requirements of Ind AS 108 "Operating Segments" are not applicable.

26 Related Party Transactions

26 (a) Names of the related parties and related party relationship

Related party
a. Entities having significant influence
IIFL Special Opportunities Fund (from February 16, 2018)
NSE Investments Limited (erstwhile NSE Strategic Investments Corporation Limited) (from October 1, 2013)
b. Key Managerial Personnel
Mr. Gagan Rai - Managing Director & Chief Executive Officer (Upto February 17, 2021)
Mr. Suresh Sethi - Managing Director & Chief Executive Officer (From February 18, 2021)
Mr. Jayesh Sule - Whole Time Director & Chief Operating Officer
Mr. Tejas Desai - Chief Financial Officer (Till January 08, 2023)
Mr. Sudeep Bhatia - Chief Financial Officer (From Januaruy 09, 2023)
Mr. Maulesh Kantharia - Company Secretary
c. Subsidiaries
NSDL e-Governance(Malaysia) SDN BHD
Protean eGov Technologies Australia Pty Ltd (Formerly known as NSDL e-Governance Australia Pty Ltd) (from 9 December, 2020)
NSDL e-Governance Account Aggregator Limited (from 2 November 2020)
Protean Infosec Services Limited (Formerly known as NSDL e-Governance Infosec Services Limited) (from 30 September 2021)
d. The entity over which the company is having significant influence
Open Network for Digital Commerce (from December 30, 2021 upto March 08, 2022)

Currency : (₹ in Million)

26 (b) Details of transactions with related parties are as follows :

(₹ in Million)

	April 1, 2022 to December 31, 2022		April 1, 2021 to December 31, 2021		2021-22		2020-21		2019-20	
Nature of transactions	**Key Managerial Personnel**	**Entities having substantial interest**	Key Managerial Personnel	Entities having substantial interest	Key Managerial Personnel	Entities having substantial interest	Key Managerial Personnel	Entities having substantial interest	Key Managerial Personnel	Entity having substantial interest
Dividend paid										
IIFL Special Opportunities Fund	**-**	**120.00**	-	-	-	108.00	-	540.00	-	78.00
NSE Investments Limited	**-**	**10.02**	-	-	-	90.16	-	450.80	-	65.10
Mr. Gagan Rai	**-**	**-**	-	-	-	-	2.76	-	-	-
Mr. Suresh Sethi	**0.40**	**-**	-	-	-	-	-	-	-	-
Mr. Jayesh Sule	**0.41**	**-**	0.36	-	0.37	-	0.53	-	-	-
Mr. Tejas Desai	**0.12**	**-**	0.08	-	0.08	-	0.28	-	-	-
Mr. Maulesh Kantharia	**0.04**	**-**	0.02	-	0.02	-	0.07	-	-	-
Short-term benefits										
Mr. Gagan Rai	**-**	**-**	-	-	-	-	100.80	-	51.10	-
Mr. Suresh Sethi	**29.40**	**-**	21.93	-	41.64	-	2.10	-	-	-
Mr. Jayesh Sule	**25.73**	**-**	31.75	-	38.15	-	28.70	-	26.10	-
Mr. Sudeep Bhatia	**2.36**	**-**	-	-	-	-	-	-	-	-
Mr. Tejas Desai	**8.64**	**-**	5.66	-	8.30	-	8.40	-	6.70	-
Mr. Maulesh Kantharia	**3.05**	**-**	2.36	-	3.61	-	3.00	-	2.80	-
Share based payment										
Mr. Gagan Rai	**-**	**-**	-	-	-	-	0.82	-	2.40	-
Mr. Suresh Sethi	**2.68**	**-**	2.33	-	9.95	-	5.98	-	-	-
Mr. Jayesh Sule	**0.59**	**-**	0.11	-	0.34	-	0.43	-	1.25	-
Mr. Sudeep Bhatia	**0.20**									
Mr. Tejas Desai	**0.03**	**-**	0.06	-	0.19	-	0.21	-	0.40	464.28
Mr. Maulesh Kantharia	**0.08**	**-**	0.02	-	0.07	-	0.08	-	0.16	-

Note:

1)The above remuneration excludes gratuity, leave encashment and other benefits for which separate actuarial valuation is not available. Expenses incurred for listing of shares would be recoverable from selling shareholder's in proportionate to the stake sale.

2) The amounts disclosed as Rs. 0.00 crore represents value less than Rs. 0.01 crore.

Currency : (₹ in Million)

27 CHANGE DUE TO TRANSITION TO IND AS - 116 "LEASES"

Following are the changes in the carrying value of right of use assets for the year/period ended:

Particulars	**As at December 31, 2022 (₹ in Million)**	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Office premises					
Balance as at beginning of the year/period	**121.81**	57.20	57.20	136.70	213.59
Additions	**-**	-	126.15	-	-
Termination	**-**	-	18.46	(15.90)	-
Depreciation	**32.29**	(32.51)	(43.08)	(63.60)	(76.89)
Balance as at end of the year/period	**89.52**	24.69	121.81	57.20	136.70

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

The following is the break-up of current and non-current lease liabilities as at March 31/December 31:

Particulars	**As at December 31, 2022 (₹ in Million)**	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Current lease liabilities	**38.98**	30.15	37.61	43.21	72.32
Non-current lease liabilities	**49.72**	0.44	79.23	18.66	66.76
Total	**88.70**	30.59	116.84	61.87	139.08

The following is the movement in lease liabilities during the period/year ended 31 March and 31 December:

Particulars	**As at December 31, 2022 (₹ in Million)**	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Opening balance	**116.84**	61.87	61.87	139.08	203.37
Additions on account of adoption of Ind AS 116	**-**	-	120.44	-	-
Finance cost accrued during the year/period	**7.28**	3.36	4.83	9.45	16.23
Termination	**-**	-	20.90	(17.30)	-
Payment of lease liabilities	**35.42**	(34.64)	(49.40)	(69.36)	(80.52)
Closing balance	**88.70**	30.59	116.84	61.87	139.08

Interest on lease liabilities is ₹ 16.23 Million for the year ended on March 31, 2020, ₹ 9.45 Million for the year ended on March 31, 2021, and ₹ 4.83 Million for the year ended March 31, 2022, ₹ 3.36 Million for the period ended December 31, 2021 and ₹ 7.28 Million for the period ended December 31, 2022.

The weighted average incremental borrowing rate of 9.30 % has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The table below provides details regarding the contractual maturities of lease liability as at March 31 and December 31 on an undiscounted basis:

Particulars	**As at December 31, 2022 (₹ in Million)**	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Less than one year	**45.60**	32.71	46.89	52.07	82.32
One to five years	**52.65**	0.46	86.78	19.10	68.57
More than five years	**-**	-	-	-	-
Total	**98.25**	33.17	133.67	71.17	150.89

Rental expense recorded for short-term leases and low- value assets was ₹ 2.27 Million for the year ended March 31, 2022, ₹ 4.11 Million for the year ended March 31, 2021, and ₹ 11.21 Million for the year ended March 31, 2020, ₹ 8.27 Million for the period ended December 31, 2021 and ₹ 3.45 Million for the period ended December 31, 2022.

The total cash outflow for leases is ₹ 51.67 Million for the year ended March 31, 2022, ₹ 73.16 Million for the year ended March 31, 2021 and ₹ 91.73 Million for the year ended March 31, 2020, ₹ 36.46 Million for the period ended December 31, 2021 and ₹ 38.87 Million for the period ended December 31, 2022, including cash outflow of short-term leases and leases of low-value assets.

Lease contracts entered by the Group pertains to office premises taken on lease to conduct its business in the ordinary course. The Group does not have any lease restrictions and commitment towards variable rent as per the contract.

Currency : (₹ in Million)

30 Capital and other commitments

Particulars	**As at December 31, 2022 (₹ in Million)**	As at December 31, 2021 (₹ in Million)	As at March 31, 2022 (₹ in Million)	As at March 31, 2021 (₹ in Million)	As at March 31, 2020 (₹ in Million)
Capital Commitments	**21.00**	16.54	17.40	2.50	29.90
Other Commitments - Subscription of shares in Open Network for Digital Commerce	**-**	50.00	-	-	-
Other Commitments - Bank guarantee	**78.67**	79.88	78.52	78.52	78.55

Refer Note 27 for contractual maturities of lease liability i.e. lease commitments.

31 Contingent liabilities:

(i) On account of disputed demand raised by Sales tax officer for MVAT and CST: ₹ 226.32 Million at December 31, 2022, ₹ 226.32 Million at December 31, 2021, ₹226.32 Million at March 31, 2022, ₹226.32 Million at March 31, 2021, and ₹226.32 Million at March 31, 2020 @

(ii) Claims against the Group not acknowledged as debts: ₹ 9.9 Million (December 31, 2021: ₹ 9.9 Million, March 31, 2022: ₹ 9.9 Million, March 31, 2021: ₹ 9.9 Million and March 31, 2020 : ₹ 9.9 Million) (net) #

(iii) On account of demand raised by Income tax officer for AY 2016-2017 : ₹ 13.63 Million (December 31, 2021: Nil, March 31, 2022: ₹ 13.63 Million, March 31, 2021: Nil, March 31, 2020:Nil) $

(iv) On account of demand raised by Income tax officer for AY 2020-2021: ₹ 3.61 Million (December 31, 2021: Nil, March 31, 2022: Nil) **

Based on management evaluation and advice of tax consultants, these claims are not tenable against the Group, and therefore no provision for this contingency has been established.

@ Demand raised by sales tax officer for MVAT and CST payable on services provided by Group. The Group has filed an appeal before the Sales Tax Tribunal and paid a deposit of ₹14.20 Million under protest. The amounts assessed as contingent liability do not include interest that could be claimed by the authorities. As per Tribunal order dated 28 January 2022 has quashed and set aside the order passed by the First Appellate Authority.

MVAT payable to seller on purchase of Times Tower premises

$ Demand raised by Income tax officer is on account of disallowance of deduction claimed by the Company under Section 35AC and chapter VI-A of Income tax Act, 1961 in income tax return filed for Assessment Year 2016-17 via order dated February 10, 2022. Company has filed rectification application as well as appeal to CIT(A) against said demand.

** Demand raised by Income tax officer is on account of disallowance for education cess paid via order dated September 29,2022 for Assessment Year 2020-21. Company has filed rectification application as well as appeal to CIT(A) against said demand.

32 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which came into force from October 2, 2006 and on the basis of the information and records available with the Group, the following disclosures are made for the amounts due to the Micro and Small enterprises:

(₹ in Million)

Particulars	**As at 31 Dec 2022**	As at 31 Dec 2021	As at 31 Mar 2022	As at 31 March 2021	As at 31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the period/year					
Principal	**21.83**	48.11	56.63	167.10	60.60
Interest	-	-	-	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period/year	-	-	-	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting period/year	-	-	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-	-	-	-

Currency : (₹ in Million)

33 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Group on Corporate Social Responsibility activities is ₹ 34.78 Million for the year ended March 31, 2022, ₹ 36.00 Million for the year ended March 31, 2021, and ₹ 37.10 Million for the year ended March 31, 2020.

b) Amount spent during the year :

(₹ in Million)

Particulars	Amount paid	Paid in subsequent period	Total
March 31, 2020			
Construction / acquisition of any asset	-	-	-
On above purpose	18.10	19.00	37.10
March 31, 2021			
Construction / acquisition of any asset	-	-	-
On above purpose	38.64	-	38.64
March 31, 2022			
Construction / acquisition of any asset	-	-	-
On above purpose	34.78	-	34.78

Note: Disclosure for December 2022 and December 2021 is not given, as the requirement for this disclosure is on annual basis.

34 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its funds in a manner that it achieves maximum returns (net of taxes) with minimum risk to the capital and consider the liquidity concerns for its working capital requirements.

To meet the above objectives, the Group invests it funds in bank fixed deposits receipts (FDRs), the tax free bonds, non-convertible debentures and mutual funds as per the Group's investment policy.

Since the Group has no loans and borrowings, the disclosure requirements related to capital management defined in clause 135 (a) (ii), and (b) to (e) of Ind AS 1 "Presentation of Financial Statements" are not applicable to the Group.

35 Investor Education & Protection Fund

For the period ended December 31, 2022 and December 31, 2021 and years ended March 31, 2022, March 31, 2021, and March 31, 2020, the Group is not required to transfer any amount into the Investor Education & Protection Fund as required under relevant provisions of the Companies Act, 2013.

36 Social Security Code

The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in the case of Surya Roshi Ltd. versus Employees Provident Fund, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Group will evaluate its position and act, as clarity emerges.

37 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 person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
Protean eGov Technologies Limited
(CIN: U72900MH1995PLC095642)

Shabbir Readymadewala
Partner
Membership No. 100060

Shailesh Haribhakti
Chairman
DIN-00007347

Suresh Sethi
Managing Director and CEO
DIN-06426040

Place : Mumbai
Date :

Jayesh Sule
Whole Time Director
DIN-07432517

Sudeep Bhatia
Chief Financial Officer

Place : Mumbai
Date :

Maulesh Kantharia
Company Secretary

Currency : (₹ in Million)

24 Financial instruments

24.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

(₹ In Million)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated Upon Initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents	410.43	-	-	-	-	410.43	410.43
Investments:							
Tax free bonds	2,237.29	-	-	-	-	3,807.64	3,807.64
Liquid mutual fund units	-	-	210.08	-	-	210.08	210.08
Non convertible debentures	1,613.71	-	-	-	-	43.36	43.36
Trade receivables	2,107.14	-	-	-	-	2,107.14	2,107.14
Other financial assets	546.19	-	-	-	-	546.19	546.19
Total	6,914.76	-	210.08	-	-	7,124.84	7,124.84
Liabilities:							
Lease liabilities	139.08	-	-	-	-	139.08	139.08
Trade payables	886.84	-	-	-	-	886.84	886.84
Other financial liabilities	179.61	-	-	-	-	180.14	180.14
Total	1,205.53	-	-	-	-	1,206.05	1,206.05

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

(₹ In Million)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated Upon Initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents	734.61	-	-	-	-	734.61	734.61
Investments:							
Tax free bonds	2,704.51	-	-	-	-	2,704.51	3,050.35
Liquid mutual fund units	-	-	-	-	-	-	-
Non convertible debentures	146.64	-	-	-	-	146.64	146.64
Trade receivables	1,977.43	-	-	-	-	1,977.43	1,977.43
Other financial assets	820.88	-	-	-	-	820.88	820.88
Other assets	6,384.07	-	-	-	-	6,384.07	6,729.91
Liabilities:							
Lease liabilities	61.87	-	-	-	-	61.87	61.87
Trade payables	988.41	-	-	-	-	988.41	988.41
Other financial liabilities	152.71	-	-	-	-	152.71	152.71
Total	1,202.99	-	-	-	-	1,202.99	1,202.99

24 Financial instruments *(Continued)*

The carrying value and fair value of financial instruments by categories as of March 31, 2022 were as follows:

(₹ In Million)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated Upon Initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents	2,067.20	-	-	-	-	2,067.20	2,067.20
Investments:							
Bonds and government securities	2,639.28	-	-	-	-	2,639.28	2,639.28
Equity shares	-	100.00	-	-	-	100.00	100.00
Liquid mutual fund units	-	-	411.90	-	-	411.90	411.90
Non convertible debentures	485.08	-	-	-	-	485.08	485.08
Trade receivables	1,998.44	-	-	-	-	1,998.44	1,998.44
Other financial assets	605.08	-	-	-	-	605.08	605.08
Other assets	7,795.08	100.00	411.90	-	-	8,306.98	8,306.98
Liabilities:							
Lease liabilities	116.84	-	-	-	-	116.84	116.84
Trade payables	957.22	-	-	-	-	957.22	957.22
Other financial liabilities	133.83	-	-	-	-	133.83	133.83
Total	1,207.89	-	-	-	-	1,207.89	1,207.89

The carrying value and fair value of financial instruments by categories as of December 31, 2021 were as follows:

(₹ In Million)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated Upon Initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents	523.10	-	-	-	-	523.10	523.10
Investments:							
Bonds and government securities	2,556.36	-	-	-	-	2,556.36	2,896.77
Liquid mutual fund units	-	-	408.57	-	-	408.57	408.57
Non convertible debentures	273.57	-	-	-	-	273.57	273.57
Trade receivables	2,234.16	-	-	-	-	2,234.16	2,234.16
Other financial assets	860.86	-	-	-	-	860.86	860.86
Other assets	6,448.05	-	408.57	-	-	6,856.62	7,197.03
Liabilities:							
Lease liabilities	30.59	-	-	-	-	30.59	30.59
Trade payables	1,123.04	-	-	-	-	1,123.04	1,123.04
Other financial liabilities	123.82	-	-	-	-	123.82	123.82
Total	1,277.44	-	-	-	-	1,277.44	1,277.44

Currency : (₹ in Million)

24 Financial instruments *(Continued)*

The carrying value and fair value of financial instruments by categories as of December 31, 2022 were as follows:

(₹ In Million)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated Upon Initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents	413.18	-	-	-	-	413.18	413.18
Other bank balances	327.60	-	-	-	-	327.60	327.60
Investments:							
Bonds and government securities	3,887.50	-	-	-	-	3,887.50	3,887.50
Equity shares	-	100.00	-	-	-	100.00	100.00
Liquid mutual fund units	-	-	426.68	-	-	426.68	426.68
Non convertible debentures	485.08	-	-	-	-	485.08	485.08
Trade receivables	2,022.00	-	-	-	-	2,022.00	2,022.00
Other financial assets	386.34	-	-	-	-	386.34	386.34
Other assets	7,521.70	100.00	426.68	-	-	8,048.38	8,048.38
Liabilities:							
Lease liabilities	88.70	-	-	-	-	88.70	88.70
Trade payables	946.34	-	-	-	-	946.34	946.34
Other financial liabilities	144.69	-	-	-	-	144.69	144.69
Total	1,179.73	-	-	-	-	1,179.73	1,179.73

Carrying amounts of cash and cash equivalents, liquid mutual fund units, trade receivables and trade payables as at December 31, 2022, December 31, 2021, March 31, 2022, March 31, 2021, and March 31, 2020 approximate the fair value. Difference between the carrying amounts and fair value of other financial assets and other financial liabilities subsequently measured at amortized cost is not significant in each of the year presented.

Currency : (₹ in Million)

24 Financial instruments *(Continued)*

24.2 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).

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.
The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

As of March 31, 2020

Particulars	Fair value measurement at end of the reporting year		
	Level 1	Level 2	Level 3
Assets			
Investments in liquid mutual fund units	-	210.08	-
Investments in tax free and Government bonds	-	2,237.29	-
Investments in non convertible debentures	1,613.71	-	-

As of March 31, 2021

Particulars	Fair value measurement at end of the reporting year		
	Level 1	Level 2	Level 3
Assets			
Investments in liquid mutual fund units	-	-	-
Investments in tax free and Government bonds	-	3,052.31	-
Investments in non convertible debentures	144.68	-	-

As of March 31, 2022

Particulars	Fair value measurement at end of the reporting year		
	Level 1	Level 2	Level 3
Assets			
Investments in liquid mutual fund units	-	411.90	-
Investments in bonds and government securities	-	2,639.28	-
Equity shares	-	-	100.00
Investments in non convertible debentures	485.08	-	-

As of December 31, 2021

Particulars	Fair value measurement at end of the reporting period		
	Level 1	Level 2	Level 3
Assets			
Investments in liquid mutual fund units	-	408.57	-
Investments in bonds and government securities	-	2,556.36	-
Investments in non convertible debentures	273.57	-	-

As of December 31, 2022

Particulars	Fair value measurement at end of the reporting period		
	Level 1	Level 2	Level 3
Assets			
Investments in liquid mutual fund units	-	426.68	-
Investments in bonds and government securities	-	3,887.50	-
Equity shares	-	-	100.00
Investments in non convertible debentures	485.08	-	-

There has been no transfers between Level 1 and Level 2.
The fair value of liquid mutual funds is based on NAV statement. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices.

Currency : (₹ in Million)

24 Financial Instruments *(Continued)*

24.3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2022.01 Million, ₹ 2234.16 Million, ₹ 1998.44 Million, ₹1,977.43 Million , and ₹ 2,107.14 Million as of December 31, 2022, December 31, 2021, March 31, 2022, March 31, 2021, and March 31, 2020, respectively. Trade receivables is typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	**December 31, 2022**	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Revenue from top customer	**4**	7	6	5	5
Revenue from top five customers	**9**	16	15	15	13

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is as below:

(₹ in Million)

Particulars	**December 31, 2022**	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Balance at the beginning	**702.90**	410.20	410.20	118.20	11.90
Amounts written off	**-**	-	(11.03)	-	-
Net remeasurement of loss allowance	**105.00**	200.50	303.73	292.00	106.30
Balance at the end	**807.90**	610.70	702.90	410.20	118.20

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit which are funds deposited at a bank for a specified time period.

Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if it exceeds a specified number of days for respective categories of customers.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The amount of loss allowance recognized for such trade receivables on specific identification method is ₹ Nil as at December 31, 2022 (December 31, 2021 - ₹ 11.90 Million, March 31, 2022 - ₹ Nil, March 31, 2021 - ₹ 11.90 Million, March 31, 2020 - ₹ 11.90 Million). In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Sales to certain customers are either based on advance payments or restricted to certain limits to contain exposures to credit risk.
Expected credit loss (ECL):
The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, time value of money, available information etc.) and applying experienced credit judgement. The Group monitors the economic environment in the Country for the forward looking statement while estimating the expected credit loss. Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses, giving due regard for probable exposures on disputed dues or dues that are subject to litigation. Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Group expects the historical trend of minimal credit losses to continue.

24.3 Financial risk management *(Continued)*

Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements.

The companies working capital including cash and cash equivalents and investment are as follows :

(₹ in Million)

Particulars	December 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Current assets	**3,868.77**	4,490.31	5,415.73	3,882.68	3,500.21
Current liabilities	**(1,713.02)**	(1,873.29)	(1,756.67)	(1,784.66)	(1,682.81)
Working capital	**2,155.75**	2,617.02	3,659.06	2,098.02	1,817.40
Cash and cash equivalents	**413.18**	523.10	2,067.20	734.61	410.43
Investments	**479.23**	655.88	553.36	114.36	212.07

As of March 31, 2020, March 31, 2021, March 31, 2022, December 31, 2021 and December 31, 2022 the outstanding employee benefit obligations were ₹ 203.93 Million, ₹ 238.18 Million, ₹ 195.09 Million, ₹ 219.02 Million and ₹ 195.60 Million respectively, which have been substantially funded.

The table below provides details regarding the contractual maturities of significant financial liabilities on gross and undiscounted basis as of December 31, 2022:

(₹ in Million)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	946.34	-	-	-	946.34
Lease liabilities	38.98	49.72	-	-	88.70
Other financial liabilities	144.69	-	-	-	144.69

The table below provides details regarding the contractual maturities of significant financial liabilities on gross and undiscounted basis as of December 31, 2021:

(₹ in Million)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	1,123.04	-	-	-	1,123.04
Lease liabilities	30.15	0.44	-	-	30.59
Other financial liabilities	123.82	-	-	-	123.82

The table below provides details regarding the contractual maturities of significant financial liabilities on gross and undiscounted basis as of March 31, 2022:

(₹ in Million)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	957.22	-	-	-	957.22
Lease liabilities	37.61	79.23	-	-	116.84
Other financial liabilities	133.83	-	-	-	133.83

The table below provides details regarding the contractual maturities of significant financial liabilities on gross and undiscounted basis as of March 31, 2021:

(₹ in Million)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	988.41	-	-	-	988.41
Lease liabilities	43.21	18.66	-	-	71.17
Other financial liabilities	152.71	-	-	-	153.22

The table below provides details regarding the contractual maturities of significant financial liabilities on gross and undiscounted basis as of March 31, 2020:

(₹ in Million)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	886.84	-	-	-	886.84
Lease liabilities	72.32	66.76	-	-	150.89
Other financial liabilities	179.61	-	-	-	180.14

Currency : (₹ in Million)

28 Non-controlling interest

Percentage of holding	As at 31 December 2022	As at 31 December 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
NSDL e-Governance Infrastructure Limited	**51**	51	51	51	51
Non-controlling interest	**49**	49	49	49	49
Total	**100**	100	100	100	100

Share capital of NSDL e-Governance (Malaysia) SDN BHD	Nos.	Value in MYR
NSDL E-Governance Infrastructure Limited	51	510
Non-controlling interest	49	490
Total	100	1,000

Breakup of reserves & surplus
Reserve and surplus calculation

	Non-controlling interest	Non-controlling interest	Non-controlling interest	Non-controlling interest	Non-controlling interest
Particulars	**December 31, 2022**	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Opening	**(1.88)**	(1.85)	(1.85)	(1.85)	(1.14)
Profit / (loss) during the year/period*	**-**	(0.03)	(0.03)	-	(0.71)
Closing	**(1.88)**	(1.88)	(1.88)	(1.85)	(1.85)

*Represents value less than ₹ 0.01 million for financial year/period ended.

Protean eGov Technologies Limited

(Formerly known as NSDL e-Governance Infrastructure Limited)

Annexure VI - Notes to the Restated Consolidated Financial Information *(Continued)*

Currency : (₹ in Million)

29 Employee Stock Option Plan

The shareholders of the Company had approved NSDL Employees Stock Option Plan, 2017 on December 4, 2017 to be provided to specified categories of employees of the Company.
Persuant to the Plan, the Company has granted options on various dates which are subject to varying conditions. A summary of options granted until date and conditions attached thereto has been tabulated below:

								Grant Condition	
Grant date	**Exercise Price**	**Options granted**	**Options vested and Exercisable**	**Options unvested**	**Options exercised**	**Options cancelled**	**Options outstanding**	**Face Value**	**Vesting period**
December 4, 2017	310	3,96,192	20,378	-	3,47,974	27,840	20,378	10	25% of the options granted will vest on 1st, 2nd, 3rd and 4th anniversary from the date of grant.
September 18, 2020	310	20,000	-	-	20,000	-	-	10	
December 3, 2020	310	40,000	20,000	-	20,000	-	20,000	10	
November 18, 2021	10	38,240	32,550	-	-	5,690	32,550	10	100% on completion of one year from grant date
June 27, 2022	647	18,921	-	16,728	-	2,193	16,728	10	30% , 30% and 40% respectively will vest on 1st, 2nd and 3rd anniversary from the date of grant
June 27, 2022	10	17,728	-	17,544	-	184	17,544	10	100% on completion of three year from grant date
August 26, 2022	678	8,921		8,921			8,921	10	30% , 30% and 40% respectively will vest on 1st, 2nd and 3rd anniversary from the date of grant
August 26, 2022	10	7,997		7,997	-	-	7,997	10	100% on completion of three year from grant date
November 23, 2022	678	9,576		9,576			9,576	10	30% , 30% and 40% respectively will vest on 1st, 2nd and 3rd anniversary from the date of grant
November 23, 2022	10	8,442		8,442			8,442	10	100% on completion of three year from grant date
Total		**5,66,017**	**72,928**	**69,208**	**3,87,974**	**35,907**	**1,42,136**		

Exercise period in all above grant is three years from the date of vesting.

Movement of stock options during the year/period

Particulars	For the period ended December 31, 2022				For the period ended December 31, 2021				For the year ended March 31, 2022				For the year ended March 31, 2021				For the year ended March 31, 2020			
	No. of options	Range of exercise prices `	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)	No. of options	Range of exercise prices Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)	No. of options	Range of exercise prices `	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)	No. of options	Range of exercise prices Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)	No. of options	Range of exercise prices Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year/period	83,256	(10-310)	180	3.15	2,92,719	310	310	3.03	2,92,719	310	310	2.68	3,80,492	310	310	3.03	3,85,857	310	310	4.03
Granted during the year/period	71,585	(10-678)	351.00	6.00	38,240.00	310	310	3.88	38,240	10	10	3.00	60,000	310	310	3.94	-	310	310	-
Forfeited during the year/period	(8,807)	(10-678)	-	-	-	310	310	-	(3,089)	(10-310)	98	-	(16,294)	310	310	-	(2,682)	310	310	-
Exercised during the year/period	(3,898)	310	310.00	-	(1,27,668)	310	310	-	(2,44,614)	310	310	-	(1,31,481)	310	310	-	(2,681)	310	310	-
Rounding off difference/period	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-2	-	-	-
Outstanding at the end of the year/period	1,42,136	(10-678)	257.00	3.81	2,03,291	10-310	310	2.89	83,256	(10-310)	180	3.15	2,92,719	310	310	2.68	3,80,492	310	310	3.03
Exercisable at the end of the year/period	72,928	(10-310)	176	2.53	1,45,051	310	310	2.48	27,196	310	310	2.11	1,70,326	310	310	1.87	2,09,392	464	310	2.19

Currency : (₹ in Million)

29 Employee Stock Option Plan *(Continued)*

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022, December 31 2021, March 31, 2022, March 31, 2021 and March 31, 2020 was 3.81 years, 2.89 years, 3.15 years, 2.68 years and 3.03 years respectively. The weighted average share price for the options exercised during the year was ₹ 310 (September 31, 2021: ₹ 310, March 31, 2022: ₹ 310, March 31, 2021: ₹ 310 and March 31, 2020: ₹ 310). Maximum Term of the options is 7 Years. The weighted average share price for the options granted during the year was ₹ Nil (December 31, 2021: ₹ Nil, March 31, 2022: ₹ 616, March 31, 2021: ₹ 295 and March 31, 2020: Nil).

The aggregate compensation cost of ₹ 19.97 Million (December 31, 2021: ₹ 3.76 Million, March 31, 2022: ₹ 15.65 Million, March 31, 2021: ₹ 11.41 Million and March 31, 2020: ₹ 12.01 Million) has been recognised under the ESOP plan 2017 and has been disclosed under Employee benefit expense under Note 20.

Significant assumptions used to estimate the fair value of options:

Variables	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Fare value at the time of the option grant (Rs.)
Grant date 18 September 2020	4.66%	2.50	104.65%	0.00%	468.00
Grant date 2 December 2020	4.48%	3.00	89.63%	0.00%	468.00
Grant date 18 November 2021	6.05%	3.00	89.63%	2.14%	667.00
Grant date 27 June 2022	7.33%	3.00	67.50%	1.26%	744.84
Grant date 27 June 2022	6.92%	1.00	68.55%	1.26%	396.47
Grant date 27 June 2022	7.21%	2.00	68.99%	1.26%	446.56
Grant date 27 June 2022	7.33%	3.00	67.50%	1.26%	477.76
Grant date 26 August 2022	7.10%	3.00	67.53%	1.26%	744.77
Grant date 26 August 2022	6.84%	1.00	68.89%	1.26%	386.65
Grant date 26 August 2022	6.96%	2.00	69.38%	1.26%	437.54
Grant date 26 August 2022	7.10%	3.00	67.53%	1.26%	468.49
Grant date 23 November 2022	7.32%	3.00	67.77%	1.26%	744.84
Grant date 23 November 2022	7.15%	1.00	65.47%	1.26%	376.53
Grant date 23 November 2022	7.26%	2.00	70.33%	1.26%	443.02
Grant date 23 November 2022	7.32%	3.00	67.77%	1.26%	471.05

The fair value of ESOPs granted is determined using Black & Scholes Model.

Currency : (₹ in Million)

Additional disclosures as per amendments in division II of Schedule III of the Companies Act 2013

A) The following ageing schedule shows the Trade receivables due from the transaction date:

Particulars	Outstanding for following periods from due date of payment as on December 31, 2022					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,146.63	124.84	206.58	284.27	159.21	1,921.53
(ii) Undisputed Trade Receivables – considered doubtful	-	30.27	43.69	117.67	415.61	607.24
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	111.89	-	111.89
(iv) Disputed Trade Receivables considered doubtful	-	-	15.54	142.95	30.75	189.24

Particulars	Outstanding for following periods from due date of payment as on December 31, 2021					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,251.30	151.75	189.18	151.24	243.30	1,986.77
(ii) Undisputed Trade Receivables – considered doubtful	6.00	4.25	22.48	22.16	53.26	108.15
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	11.90	11.90
(iii) Disputed Trade Receivables considered good	26.70	-	220.69	-	-	247.39
(iv) Disputed Trade Receivables considered doubtful	5.71	48.17	259.40	177.37	-	490.65

Particulars	Outstanding for following periods from due date of payment as on March 31, 2022					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,108.16	144.16	188.38	254.35	203.39	1,898.44
(ii) Undisputed Trade Receivables – considered doubtful	30.23	25.74	142.71	197.57	105.52	501.77
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	111.89	-	111.89
(iv) Disputed Trade Receivables considered doubtful	-	-	105.38	83.86	-	189.24

Particulars	Outstanding for following periods from due date of payment as on March 31, 2021					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	959.36	266.54	325.03	136.99	86.25	1,774.17
(ii) Undisputed Trade Receivables – considered doubtful	-	-	151.58	46.42	102.42	300.42
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	11.90	11.90
(iii) Disputed Trade Receivables considered good	31.25	74.13	97.88	-	-	203.26
(iv) Disputed Trade Receivables considered doubtful	-	-	97.88	-	-	97.88

Particulars	Outstanding for following periods from due date of payment as on March 31, 2020					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,540.96	249.25	211.24	196.48	15.51	2,213.44
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	11.90	11.90
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-

B) Shares held by promoters at the end of the year/period

Promoter name	As at 31.12.2022		
	No. of Shares	% of total shares	% Change during the period
There is no promoter holding at the end of the period	-	-	-

Promoter name	As at 31.12.2021		
	No. of Shares	% of total shares	% Change during the period
There is no promoter holding at the end of the period	-	-	-

Promoter name	As at 31.03.2022		
	No. of Shares	% of total shares	% Change during the period
There is no promoter holding at the end of the year	-	-	-

Promoter name	As at 31.03.2021		
	No. of Shares	% of total shares	% Change during the period
There is no promoter holding at the end of the year	-	-	-

Promoter name	As at 31.03.2020		
	No. of Shares	% of total shares	% Change during the period
There is no promoter holding at the end of the year	-	-	-

Currency : (₹ in Million)

Additional disclosures as per amendments in division II of Schedule III of the Companies Act 2013

C) The following ageing schedule shows the Trade payables due for payment from the transaction date:

Particulars	Outstanding for following periods from due date of payment as on December 31, 2022				
	Not due and less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	124.06	-	-	-	124.06
Others	544.45	35.63	58.52	183.68	822.28
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment as on December 31, 2021				
	Not due and less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	124.06	-	-	-	124.06
Others	543.93	35.63	58.52	183.68	821.76
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment as on March 31, 2022				
	Not due and less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	56.63	-	-	-	56.63
Others	520.20	80.51	113.50	186.38	900.59
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment as on March 31, 2021				
	Not due and less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	167.10	-	-	-	167.10
Others	560.30	50.14	91.12	119.75	821.31
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Particulars	Outstanding for following periods from due date of payment as on March 31, 2020				
	Not due and less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	60.60	-	-	-	60.60
Others	522.08	236.21	59.69	8.26	826.24
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Currency : (₹ in Million)

Additional disclosures as per amendments in division II of Schedule III of the Companies Act 2013

D) Capital-Work-in Progress

Particulars	Amount in CWIP for the period ended December 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	103.48	-	-	-	103.48

Particulars	Amount in CWIP for the period ended December 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9.69	0.06	-	0.14	9.89

Particulars	Amount in CWIP for the period ended March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	44.92	-	-	-	44.92

Particulars	Amount in CWIP for the year ended March 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	14.00	0.07	-	0.15	14.21

Particulars	Amount in CWIP for the year ended March 31, 2020				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.05	53.23	-	-	54.28

E) Ratios

Particulars	Numerator/ Denominator	As at December 31, 2022	As at December 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Current Ratio *	Current Asset / Current Liabilities	2.26	2.40	3.08	2.18	2.08
Net profit Ratio **	Net Profit after Tax / Net Sales	14.79%	14.59%	20.83%	15.28%	17.02%
Return on Equity **	Net Profits after taxes / Average Shareholder's Equity	9.15%	10.39%	18.27%	13.81%	16.17%
Return on Capital employed **	Earning before interest and taxes / Capital Employed	11.82%	13.08%	22.91%	13.48%	16.17%
Return on investment	Income received from investment / Average investment	3.00%	6.45%	9.00%	8.59%	6.37%
Net capital turnover ratio	Sales / Share holders equity and non current liability	0.60	0.74	0.85	0.98	1.00
Trade receivables turnover ratio	Net Credit Sales / Average Accounts Receivable	2.52	2.27	3.46	3.05	3.40
Trade payables turnover ratio	Other expenses / Average Trade Payables	3.62	3.24	5.10	4.95	6.29

* Increase in current ratio is due increse in cash and cash equivalent on account of amount received as sale proceed from Bangalore data centre.

** Increase in profitability ratio is due to business profit earned on sale of Bangalore data centre (Refer Note 19).

Currency : (₹ in Million)

Additional disclosures as per amendments in division II of Schedule III of the Companies Act 2013

F) Corporate Social Responsibility (CSR)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Amount required to be spent by the Group during the year	34.78	38.64	37.10
Amount of expenditure incurred	34.78	38.64	18.10
Shortfall at the end of the year	-	-	19.00*
Total of previous years shortfall	-	-	-
Reason for shortfall	-	-	-
Nature of CSR activities	Charitable activities	Charitable activities	Charitable activities
Details of related party transactions	-	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation	NA	NA	NA

** Shortfall paid in subsequent year(Refer Note 33)*

G) Details of transaction with struck off companies:

(₹ in Million)

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as on 31.12.2022	Balance outstanding as on 31.12.2021	Balance outstanding as on 31.03.2022	Relationship with the Struck off company, if any, to be disclosed
Integra Micro Systems Pvt Ltd	Receivables	-	Not Applicable	0.01	-
Commscope Solutions India Private limited	Receivables	-	Not Applicable	0.01	-
Satguru Cements Private Limited	Receivables	-	Not Applicable	*0.00	-
Pravasi Enterprises Ltd	Receivables	-	Not Applicable	**0.00	-
Midwest Granite (Pondicherry) Private Limited	Receivables	-	Not Applicable	@0.00	-
Haldiram Snacks Pvt Ltd	Receivables	-	Not Applicable	#0.00	-
Whizkids Computer Pvt Ltd	Receivables	-	Not Applicable	$0.00	-
Channel Plastic Pvt Ltd	Receivables	-	Not Applicable	Not Applicable	-
Enrich Financial Services Ltd	Receivables	-	Not Applicable	Not Applicable	-

Amount rounded off here i.e For 31.03.2022: * ₹ 1,494, ** ₹ 254, @ ₹ 3,065, # ₹ 1,523, $ ₹ 95.

H) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

I) During the period/year the Group has no transactions to report against the disclosure requirement relating to utilization of share premium as notified by MCA pursuant to amended Schedule III of Companies Act, 2013.

Currency : (₹ in Million)

Non-adjusting items

Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Restated Consolidated Financial Information

In addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 ('CARO') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 for the years ended March 31, 2022, March 31, 2021 and March 31, 2020. Certain statements/comments included in the annexure to the Auditors' report on the financial statements (i.e. CARO), which do not require any adjustments in the Restated Consolidated Financial Information are reproduced below in respect of the financial statements presented:

Financial year 2019-2020

Clause (vii)(a)

According to the 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 account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, duty of Customs, Cess and any other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Value added tax, Service tax, duty of Customs and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

Clause (vii)(b)

According to the information and explanations given to us, there are no dues in respect of Income Tax and GST which have not been deposited on account of any dispute. The dues of Central Sales Tax/Value Added Tax as disclosed below have not been deposited by the Company on account of disputes as at March 31, 2020:

Name of the Statute	Nature of the Dues	Amount (₹ In Million)	Period to which the amount relates	Forum where dispute is pending
The Maharashtra Value Added Tax Act, 2002	Sales Tax, Interest and Penalty	226.00	2015-2016	Appellate Tribunal

Financial year 2020-2021

Clause (vii)(a)

According to the 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 account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and any other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of Customs and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

Clause (vii)(b)

According to the information and explanations given to us, there are no dues in respect of Income Tax and Goods and Services Tax which have not been deposited on account of any dispute. The dues of Central Sales Tax and Value Added Tax as disclosed below have not been deposited by the Company on account of disputes as at March 31, 2021:

Name of the Statute	Nature of the Dues	Amount (₹ In Million)	Period to which the amount relates	Forum where dispute is pending
The Maharashtra Value Added Tax Act, 2002	Sales Tax, Interest and Penalty	211.80#	2015-2016	Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax, Interest and Penalty	0.32	2015-2016	Appellate Tribunal

These amounts are net of amount paid under protest of ₹ 14.20 Million

Financial year 2021-2022

Clause (vii)(a)

According to the 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 account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and any other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of Customs and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

Clause (vii)(b)

According to the information and explanations given to us, there are no dues in respect of Income Tax and Goods and Services Tax which have not been deposited on account of any dispute. The dues of Central Sales Tax and Value Added Tax as disclosed below have not been deposited by the Company on account of disputes as at March 31, 2022:

Name of the Statute	Nature of the Dues	Amount (₹ In Million)	Period to which the amount relates	Forum where dispute is pending
The Maharashtra Value Added Tax Act, 2002	Sales Tax, Interest and Penalty	211.80#	2015-2016	Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax, Interest and Penalty	0.32	2015-2016	Appellate Tribunal
Income tax Act, 1961	Income tax	11.92	2010-2011	AO
Income tax Act, 1961	Income tax	11.56	2011-2012	AO
Income tax Act, 1961	Income tax	9.75	2012-2013	CIT(A)
Income tax Act, 1961	Income tax	0.09	2015-2016	AO
Income tax Act, 1961	Income tax	13.6	2016-2017	CIT(A)
Income tax Act, 1961	Income tax	53.86	2017-2018	AO
Income tax Act, 1961	Income tax	17.39	2018-2019	AO

These amounts are net of amount paid under protest of ₹ 14.20 Million

Annexure V - Basis of preparation and significant accounting policies
for the period ended 31 December 2022

Currency: (₹ in Million)

1. Corporate information

Protean eGov Technologies Limited (formerly NSDL e-Governance Infrastructure Limited) ("the Company") was incorporated in December 1995, is engaged in providing Information Technology (IT) enabled e-Governance services. The current projects of the Company are Central Recordkeeping Agency (CRA) under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA); Tax Information Network (TIN), the activity of processing the applications for allotment of Permanent Account Number (PAN) and acting as a Registrar to Unique Identification Authority of India (UIDAI), Planning Commission, Government of India.

The company is a public limited company and domiciled in India. The address of the corporate office is 1st floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

The Restated Consolidated Financial Information of the Company and its subsidiaries (hereinafter referred together as "the Group") are for the years ended 31 March 2022, 31 March 2021, 31 March 2020 and period ended 31 December 2022, and 31 December 2021.

The Group`s Restated Consolidated Financial Information for the years ended March 31, 2022, March 31, 2021, and March 31, 2020 and period ended 31 December 2022, and 31 December 2021 are approved for issue in accordance with the resolution of the Company's Board of Directors on 23rd November, 2022.

The Board of Directors of the Company at its meeting held on 23 March 2021 has approved Offer for Sale of Equity Shares by certain existing shareholders of the Company and for listing of the Equity Shares on one or more of the recognised stock exchanges in India in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, relevant provisions of the Companies Act, 2013, and other applicable laws.

1.1 Basis of preparation and significant accounting policies

Statement of compliance

The Restated Consolidated Financial Information comprise of the Restated Consolidated Balance Sheet as at 31 March 2022, 31 March 2021, 31 March 2020 and period ended 31 December 2022 and 31 December 2022 the Restated Consolidated Statement of Profit and Loss, the Restated Consolidated Statement of Cash Flows and the Restated Consolidated Statement of Changes in Equity for year ended 31 March 2022, 31 March 2021, 31 March 2020, and period ended 31 December 2022 and 31 December 2021 thereto (hereinafter collectively referred to as "the Restated Consolidated Financial Information").

1.1 Basis of preparation and significant accounting policies *(Continued)*

The Restated Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended ("the Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI ICDR Regulations") and Guidance Note on Report in Company Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India (ICAI).

These restated consolidated Financial Information are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

Functional and presentation currency:

These restated consolidated Financial Information have been prepared in Indian Rupee (₹) which is the functional currency of the Company. All amounts have been rounded to the nearest million, upto two places of decimal, unless otherwise stated.

The Restated Consolidated Financial Information has been compiled by the Management from:

The audited consolidated financial statements of the Group as at and for the year ended 31 March 2022, 31 March 2021, 31 March 2020, and period ended 31 December 2022 and 31 December 2021 prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 28 June 2022, 07 May 2021, 22 June 2020 and ___________________ respectively.

In addition, in accordance with the ICDR Regulations and the Guidance Note, certain adjustments have been incorporated for alignment of accounting policies, rectification of errors and regroupings/reclassifications across the different periods for the preparation of the Restated Consolidated Financial Information for the years ended 31 March 2022, 31 March 2021, 31 March 2020 and period ended 31 December 2022 and 31 December 2021 based on the accounting policies and grouping/classifications followed by the Group for preparation of its audited consolidated financial statements as at and for the period ended 31 December 2022.

Basis of measurement:

These Restated Consolidated Financial Information have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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.

1.1 Basis of preparation and significant accounting policies *(Continued)*

Basis of measurement: *(Continued)*

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligation

The accounting policies have been consistently applied by the Group in preparation of the Restated Consolidated Financial Information for all period presented and are consistent with those adopted in the preparation of audited financial statements for the year ended 31 March 2021. These Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the date of board meeting in which the Restated Consolidated Financial Information is approved.

The statement of operating cash flows have been prepared under indirect method.

Basis of consolidation

Subsidiaries:

Subsidiaries are all entities over which Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the restated consolidated financial information from the date the Group gains control until the date the Group ceases to control the subsidiary.

Currency: (₹ in Million)

1.1 Basis of preparation and significant accounting policies *(Continued)*

Consolidation procedure

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the restated consolidated financial information. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Restated consolidated financial information are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the restated consolidated financial information for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the restated consolidated financial information to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31.

Non-controlling interest

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

List of entities Consolidated:

Particulars	Country of Incorporation	As at	As at	As at
		31-Mar-22	31-Mar-21	31-Mar-20
NSDL e-Governance(Malaysia) SDN BHD	Republic of Malaysia	51%	51%	51%
Protean e-Gov Technologies Australia Pty Ltd (incorporated on 9 December 2020)	Australia	100%	100%	-
NSDL e-Governance Account Aggregator Limited (incorporated on 2 November 2020)	India	100%	100%	-
Protean Infosec Services Limited (from 30 September 2021)	India	100%	100%	-

1.1 Basis of preparation and significant accounting policies *(Continued)*

Significant accounting judgments, estimates and assumptions

The preparation of Restated Consolidated Financial Information in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. 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 period/year, are described below. The Group 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 Group. Such changes are reflected in the assumptions when they occur.

a. Use of judgements and estimates

The areas involving significant judgement and estimates are as follows:

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 18: Revenue recognition
- Note 24: Fair value measurement of financial assets
- Note 27: Leases
- Note 4 and 8: Classification of investments

Estimates:

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these restated consolidated financial information have been disclosed below:

- Note 23: Defined benefit
- Note 2: Property, plant and equipment
- Note 27: Leases
- Note 6: Income taxes
- Note 24: Fair value measurement of financial instruments
- Note 29: Share based payments
- Note 19: Other income
- Note 18: Revenue recognition
- Note 9: Trade receivables

1.1 Basis of preparation and significant accounting policies *(Continued)*

Significant accounting judgments, estimates and assumptions *(Continued)*

a. Use of judgements and estimates *(Continued)*

The preparation of the restated consolidated financial information in conformity with the recognition and measurement principles of the Ind AS requires management of the Group to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the restated consolidated financial information and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these restated consolidated financial information have been disclosed below. Accounting estimates could change from period to period. Although these estimate are based on management's best knowledge of current events and actions, uncertainty about the assumption and estimates could result in the outcome requiring material adjustment to the carrying amount of asset and liabilities.

Estimation of uncertainties relating to the global health pandemic from COVID-19:

In view of the unprecedented COVID-19 pandemic and economic forecasts, the Management has evaluated the impact on the restated consolidated financial information and made appropriate adjustment where necessary. In assessing the recoverability of its assets including receivables and unbilled receivables, the Group has considered internal and external information upto the date of approval of these restated consolidated financial information including economic forecasts. The Group has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets.

However, the actual impact of COVID-19 on the Group's restated consolidated financial information may differ from that estimated and the Group will continue to closely monitor any material changes to future economic conditions.

Defined benefit

The cost of the defined benefits that includes gratuity and compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy has been further explained under note 23.

1.1 Basis of preparation and significant accounting policies *(Continued)*

Significant accounting judgments, estimates and assumptions *(Continued)*

a. Use of judgements and estimates *(Continued)*

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The policy has been further explained under note 2.

Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. 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. The policy has been further explained under note 27.

Income taxes

The major tax jurisdiction for the group is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

The amount of the deferred 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. The policy has been further explained under note 6.

1.1 Basis of preparation and significant accounting policies *(Continued)*

Significant accounting judgments, estimates and assumptions *(Continued)*

a. Use of judgements and estimates *(Continued)*

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 24.

Share based payments:

The Group is required to evaluate the terms to determine whether share-based payment is equity settled or cash settled. Judgment is required to do this evaluation. Further, the Group is required to measure the fair value of equity settled transactions with employees at the grant date of the equity instruments. The aforementioned inputs entered in to the option valuation model that we use to determine the fair value of our share awards are subjective estimates, changes to these estimates will cause the fair value of our share-based awards, and related share-based compensations expense we record to vary. The policy has been further explained under note 29.

Interest income

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or 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 Group 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 finance income in the statement of profit and loss. The policy has been further explained under note 19.

Trade receivables

The Group estimates the un-collectability of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The policy has been further explained under note 9.

1.1 Basis of preparation and significant accounting policies *(Continued)*

b) Revenue Recognition

The Group earns revenue primarily from providing Information Technology (IT) enabled e-Governance services. The Group offers integrated portfolio of IT, business and engineering services and solutions.

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

To recognise revenues, the Group applies the following five step approach;

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract and

(5) recognize revenues when a performance obligation is satisfied.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of accounting in Ind AS 115.

Determination of transaction price

Revenue is measured based on transaction price which includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Revenues also exclude taxes collected from customers.

Allocation of transaction price

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, the Group allocates the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the adjusted market assessment approach, under which the Group evaluates the price in that market that a customer is willing to pay for those services.

While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as the Group sells those performance obligations unaccompanied by other performance obligations.

1.1 Basis of preparation and significant accounting policies *(Continued)*

b) Revenue Recognition *(Continued)*

Satisfaction of performance obligation

A contract asset is right to consideration in exchange of services that the Group has rendered to a customer when that right is conditioned on something other than passage of time. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (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.

A contract liability is the obligation to render services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group renders services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group renders services as per the contract.

i) Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method ('POC method'). When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

ii) Revenue related to fixed price maintenance and support services contracts, where the Group is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.

iii) Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

iv) Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

Satisfaction of performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for service level credits and incentives, if any, as specified in the contract with the customer.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

1.1 Basis of preparation and significant accounting policies *(Continued)*

b) Revenue Recognition *(Continued)*

Satisfaction of performance obligation *(Continued)*

Contracts are subject to modification to account for changes in contract specification and requirements. The Group 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.

Use of significant judgements in revenue recognition:

i) The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

ii) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as service level credits and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

iii) The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

1.1 Basis of preparation and significant accounting policies *(Continued)*

b) Revenue Recognition *(Continued)*

Satisfaction of performance obligation *(Continued)*

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Practical expedients used

In accordance with the practical expedient in Para 63 of Ind AS 115, the Group has not adjusted the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

c) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working conditions for its intended use but net of indirect taxes, wherever input credit is claimed.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred.

The cost and related accumulated depreciation are eliminated from the restated consolidated financial information upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.1 Basis of preparation and significant accounting policies *(Continued)*

d) Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for premise. The Group 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 Group assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the lease term.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

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

1.1 Basis of preparation and significant accounting policies *(Continued)*

e) Depreciation and amortisation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Depreciation and amortisation on additions / deletions is provided on pro-rata basis from the date of acquisition/ up to the date of deletion.

Depreciation and amortisation on assets is provided on the straight-line method using the rates based on the economic useful life of assets as estimated by the management but not being more than the limits specified in Schedule II of the Companies Act, 2013 as below:

Assets	Estimated Useful Lives
Central System	6 years
Servers	6 years
Computers	3 years
Communication (Network)	6 years
Electrical Installations	10 years
Office Equipment's	5 years
Furniture	10 years
Buildings	60 years

Computer Software is amortized over a period of 2 years.

Depreciation is not recorded on capital work-in-progress until installation is complete and the asset is ready for its intended use. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

f) Intangible assets

Intangible assets comprising of software are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Cost of development and production incurred till the time software is ready for use is capitalised.

Gains or losses arising from derecognition 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 or loss when the asset is derecognised.

Research cost are expensed as incurred.

1.1 Basis of preparation and significant accounting policies *(Continued)*

f) Intangible assets *(Continued)*

Development costs

Development expenditure on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

g) Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.1 Basis of preparation and significant accounting policies *(Continued)*

h) Foreign currency transactions and translation

Transactions and translations

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the rates prevailing on the reporting period date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

i) Employee benefit costs

- **Short- term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- **Post-Employment benefits**

Defined Contribution plans

Provident Fund: Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law were made to recognised Provident Fund.

Superannuation: Certain employees of the Group are participants in a defined contribution plan. The Group has no further obligations to the Plan beyond its annual contributions which are contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

1.1 Basis of preparation and significant accounting policies *(Continued)*

i) Employee benefit costs *(Continued)*

- **Post-Employment benefits *(Continued)***

Defined benefit Plans

a) Gratuity: The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC.

The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates 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. The Group recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability.

Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in other comprehensive income. The effects of any plan amendments are recognised in statement of profit and loss.

(ii) Compensated absences: The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.1 Basis of preparation and significant accounting policies *(Continued)*

j) Income Tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or it is recognized in other comprehensive income.

Current tax

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the restated consolidated financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

1.1 Basis of preparation and significant accounting policies *(Continued)*

k) Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the restated consolidated financial information. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognised nor disclosed in the restated consolidated financial information.

l) Cash Flow statement

Cash flows are reported using the indirect method for presenting operating cash flow, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

m) Cash and Bank balances

Cash and cash equivalents comprise cash in hand, balance with banks and term deposits with banks with original maturity up to three months.

Other bank balances comprises of term deposit with banks having maturity of more than three months but less than twelve months from the Balance sheet date.

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit and loss for the period attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit and loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

1.1 Basis of preparation and significant accounting policies *(Continued)*

p) Financial instruments

Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

Subsequent measurement

Financial assets

Financial assets are classified into the following specified categories: financial assets "at amortised cost", "fair value through other comprehensive income", "fair value through Profit or Loss". The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.

Financial assets are recognised by the Group as per its business model.

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially at fair value through profit or loss.

Income and expense is recognised on an effective interest basis for debt instrument, other equity instruments are classified as "fair value through Profit or Loss".

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

All assets and liabilities for which fair value is measured or disclosed in the restated consolidated financial information are categorised within the fair value hierarchy, described as follows, 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 - 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).

1.1 Basis of preparation and significant accounting policies *(Continued)*

p) Financial instruments *(Continued)*

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables) and others are measured at amortised cost using the effective interest rate (EIR) method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account both quantitative and qualitative information and analysis, based on the Group's historical credit loss experience and informed credit assessment and is adjusted basis forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Loans and receivables and de-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Subsequent measurement

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1.1 Basis of preparation and significant accounting policies *(Continued)*

p) Financial instruments *(Continued)*

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial liabilities and equity instruments

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.1 Basis of preparation and significant accounting policies *(Continued)*

p) Financial instruments *(Continued)*

Non-current Assets Held for Sale and Discontinued Operations

Non-current assets held for sale are measured at lower of the carrying value and the fair value less cost to sell.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

q) Share based payment

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period, with the corresponding increase in equity. 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.

r) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

s) Corporate Social Responsibility (CSR) Expenditure

CSR expense is recognized as it is incurred by the Group or when Group has entered into any legal or constructive obligation for incurring such an expense.

t) Recent accounting pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Restated Consolidated financial information is required to be disclosed.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Consolidated Financial Information on page 77 of this Second Addendum.

*This Second Addendum may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Second Addendum. For further information, see "Forward-Looking Statements" on page 15 of the Draft Red Herring prospectus. Also read "**- Significant Factors Affecting our Results of Operations**" on page 165 of this Second Addendum, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2020, 2021 and 2022 and the nine months ended December 31, 2021 and December 31, 20222 included herein is derived from the Restated Consolidated Financial Information, included in this Second Addendum. For further information, see "**Restated Consolidated Financial Information**" on page 77 of this Second Addendum.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of large-scale IT infrastructure demand in India" dated December 2021 read with an addendum to the report dated April 2023 (the "**CRISIL Report**"), prepared and issued by CRISIL, appointed by us on May 12, 2021 and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at available at https://www.proteantech.in/disclosures-notice.html. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. For more information, see "**48. Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report exclusively commissioned by and paid for by us for such purpose.**" on page 41 of the Draft Red Herring Prospectus. Also see, "**Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data**" on page 12 of the Draft Red Herring Prospectus.*

OVERVIEW

We are one of the key IT-enabled solutions companies in India (*Source: CRISIL Report*) engaged in conceptualizing, developing and executing nationally critical and population scale greenfield technology solutions. We collaborate with the government and have extensive experience in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions. We were originally setup as a depository in 1995 and created a systemically important national infrastructure for capital market development in India. We have been the chief architect and implementer for some of the most critical and large-scale technology infrastructure projects in India. (*Source: CRISIL Report*) We believe our solutions have led to identification of bottlenecks in government services, increased transparency and efficiency, redefined delivery of public services and led to a reduction in service delivery costs. We were among the leading Indian companies in the e-governance sector in terms of profitability, operating income, operating profit and operating profit margin in Fiscal 2022. (*Source: CRISIL Report*) We are a professionally managed company and are led by an experienced senior management team whose expertise and industry experience have helped us grow our operations and innovate our services.

Since inception and as of December 31, 2022, we have implemented and managed 19 projects spread across seven ministries and autonomous bodies ushering change in public delivery of services. Our primary engagement has been with following ministries:

We have been instrumental in establishing public digital infrastructure and creating e-governance interventions impacting multiple sectors of the Indian economy. Some of our key interventions include:

- Modernising the direct tax infrastructure in India through projects like Permanent Account Number ("**PAN**") issuance, the Tax Information Network ("**TIN**") including Online Tax Accounting Systems ("**OLTAS**").
- Strengthening the old age security system in the country by building the core IT infrastructure as a Central Recordkeeping Agency ("**CRA**") for the National Pension System ("**NPS**").
- Enabling the universal social security system for all Indians, particularly the workers in the unorganized sector by creating technology infrastructure as a CRA for the Atal Pension Yojana ("**APY**").
- Contributing to the India Stack, a set of application programming interface ("**API**") that allows governments, businesses, startups and developers to utilise a unique digital infrastructure to prepare solutions that are presence-less, paperless and enable cashless service delivery. We have also enabled the BFSI sector by providing Aadhaar-based identity authentication and e-Sign services, as a licensed certifying authority empaneled by the Controller of Certifying Authorities. We were appointed as a registrar for enrolling citizens for Aadhaar.
- Improving accessibility to education and skill financing through creation of efficient digital marketplaces enabling discovery of financial resources through platforms such as Vidya Lakshmi, and Vidyasaarathi.
- Contributing to and supporting open digital building blocks such as Open Network for Digital Commerce ("**ONDC**") for use-cases across sectors like e-commerce, mobility, healthcare, agriculture and education. We are one of the key and early contributors to the open source community and protocols that are powering ONDC. (*Source: CRISIL Report*)

In our experience, these projects have resulted in reduction of turnaround time by digitizing processes, ensuring better compliance with government policies and enhancing transparency by providing real-time reports and dashboards to stakeholders. For further information on our key projects, see " ***– Key Projects***" on page 63 of this Second Addendum.

Project-wise major highlights and our market share are as below:

Services	Major Highlights	Protean's Market Share
Service vertical: Public Finance Management System and Taxation		
Pan Issuance	Over 421 million PAN issued since commencement	46%
TIN	1.97 million deductors filed TDS returns electronically through TIN systems in Fiscal 2022	69%
Service vertical: Social Security (as of December 31, 2022)		
National Pension Scheme	15.89 million Subscribers AUM (₹ million) 80,07,559	97%
Atal Pension Yojana	43.82 million Subscribers AUM (₹ million) 252,097	100%
Service vertical: Aadhaar Stack and National ID (as of December 31, 2022)		
Aadhaar Authentication	Over 2155 million transactions	1%
e-KYC	Over 950 million transactions	7%
e-Sign	Over 240 million transactions	-

** Source: CRISIL Report*

We have over the years successfully adapted to technology advancements through continuous investments in new technologies and capabilities and by developing sophisticated technology architecture. We have domain knowledge for various industries that allows us to develop functionalities that address specific requirements of end-users, businesses and public entities. While executing large and complex projects, we leverage our comprehensive program management expertise. Our clients benefit from our delivery model, significant experience across various technologies, industry knowledge, project management expertise and proprietary software engineering tools developed in-house.

Our business model has resulted in positive cash flows over the years and our cash flows from our operating activities were ₹ 535.10 million, ₹ 1,001.19 million, ₹ 942.69 million, ₹ 543.17 million and ₹ 494.15 million in Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, respectively. We have been profitable since Fiscal 1999 and have consistently declared and paid dividends since Fiscal 2001. The table below set out our key financial metrics for the periods indicated:

Particulars	Fiscal			Nine months ended December 31, 2021	Nine months ended December 31, 2022
	2020	2021	2022		
	(₹ million except percentages)				
Profit for the year/period	1,218.54	921.85	1,439.37	739.31	754.65
Revenue from operations	7,161.39	6,031.32	6,909.09	5,068.30	5,102.20

Particulars	Fiscal			Nine months ended December 31, 2021	Nine months ended December 31, 2022
	2020	2021	2022		
	(₹ million except percentages)				
ROE	16.17%	13.81%	18.27%	10.39%*	9.15%*
ROCE	20.64%	16.93%	22.91%	13.08%*	11.82%*

* *on an unannulized basis*

We are a professionally managed company and are led by an experienced senior management team whose expertise and extensive industry experience has helped us grow our operations and innovate our services over the years. Our Shareholders include financial institutions such as NSE Investments Limited, IIFL, SUUTI, Citicorp Finance India Limited and certain public and private sector banks such as State Bank of India, Punjab National Bank, Union Bank of India, Bank of Baroda and Canara Bank, HDFC Bank Limited, Axis Bank Limited, Deutsche Bank A.G, The Hong Kong and Shanghai Banking Corporation Limited, Standard Chartered Bank, among others.

We have embraced an impact weighted framework to guide all business decisions with a focus on Environment, Social and Governance ("**ESG**") framework and committed to build a value system guiding us to contribute towards a sustainable and responsible future. We understand our responsibility towards the society at large and therefore, our business model focuses on the foundation of social capitalism. We are also cognizant of other important sustainability aspects and endeavour to continuously enhance our operations towards factors influencing ESG. An independent agency has been conducting comprehensive impact diagnostic assessment on an independent basis in the past few years and we have taken all reasonable efforts to incorporate their audit findings into our strategic planning process. The assessment by an independent agency helps us identify opportunities to improve further towards global and national sustainability goals.

PRESENTATION OF FINANCIAL INFORMATION

Our restated consolidated balance sheet as at March 31, 2020, 2021 and 2022, and as at December 31, 2021 and December 31, 2022 and the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated cash flow statement, restated statement of changes in equity and notes forming part of the restated consolidated financial information for the years ended March 31, 2020, March 31, 2021 and March 31, 2022 and for the nine months ended December 31, 2021 and December 31, 2022 together with the summary of significant accounting policies and explanatory information thereon (collectively, the "**Restated Consolidated Financial Information**"), have been compiled from our audited financial statements as at and for the years ended March 31, 2020, 2021 and 2022, and as at and for the nine months ended December 31, 2021 and December 31, 2022 prepared in accordance with the Ind AS prescribed under Section 133 of the Companies Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act. In addition, in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI, certain adjustments have been incorporated for alignment of accounting policies, rectification of errors and regroupings/reclassifications across the different periods for the preparation of the Restated Consolidated Financial Information for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and for the nine months ended December 31, 2021 and December 31, 2022 based on the accounting policies and grouping/classifications followed by the Company for preparation of its audited consolidated financial statements as at and for the nine months ended December 31, 2022.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Diversified offerings and solutions and pricing

Our revenue, gross margins and profit vary among our offerings. Among the risks associated with the introduction of new offerings and solutions are delays in development, cost of development, delays in implementation, reduction in pricing, difficulty in predicting demand for new offerings and solutions, quality or other defects. In addition, our business depends on our ability to ensure payment from our clients for our offerings, and we maintain provisions against receivables and unbilled services and deploy stringent follow up procedures for customer receivables.

Our revenue growth and margin performance depends on the potential demand for our solutions and from the verticals in which we operate. As particular markets experience more (or less) growth, we would expect these trends to be reflected in our results in those areas. The growth in the healthcare industry is supported by increased demand due to the COVID-19 pandemic and government initiatives like access-free drugs and diagnostics under the Ayushman Bharat programme, increased spending under healthcare, and increased penetration of insurance and increased awareness about regular health check-ups. With renewed impetus from PM Jan Arogya Yojana and government focus shifting to the healthcare sector, the healthcare delivery market is expected to clock ₹ 7.67 trillion in Fiscal 2025. (*Source: CRISIL Report*)The degree of adoption of digitization depends on the digital maturity of the market/ vertical, regulatory compliances, and prioritization of IT budgets on digital spend compared to legacy solutions.

We negotiate pricing terms for a composite project, including our products and integration and maintenance services, utilizing a range of pricing structures including cost or project-based, transaction or services-based or on a hybrid model with features of both such pricing models. Our pricing is dependent on our internal forecasts and predictions about our offerings and solutions and associated services and the demand for such solutions by our clients, which may be based on limited data and could prove to be inaccurate. In addition, our pricing, cost and profit margin estimates on certain offerings and solutions, frequently include anticipated long-term research and development and investment costs that we expect to incur. In addition, certain of our offerings and solutions, and services require investment in hardware and software in the early stages that is expected to be recovered through subsequent billings, occasionally over the life of the agreement. Our projects often involve the construction of new technology products and communications networks and the development and deployment of advanced technologies.

Continuing relationship with existing clients and expansion of client base

We partner with the government and have over 25 years of experience in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions. Our IT enabled e-governance services generated revenue from operations of ₹ 7,161.39 million, ₹ 6,031.32 million, ₹ 6,909.09 million, ₹ 5,068.30 million and ₹ 5,102.20 million in Fiscal 2020, 2021, and 2022, and the nine months ended December 31, 2021 and December 31, 2022, respectively, and accounted for all of our total revenue from operations in each period. The termination of a major contract or loss of a major client or a significant reduction in the service performed on a major contract or for a major client could result in a reduction of such revenue. Further, given that our clients are government agencies, are subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies and there may be delays associated with collection of receivables from government owned or controlled entities.

As our client relationships mature and deepen, we seek to maximize our revenues and profitability by expanding the scope of our offerings with the objective of winning more business from our clients. Many of our existing clients typically expand their scope of our services by either expanding our services from one location to additional locations in which they operate, or by gradually engaging us for other services to aid in their digital transformation journey. We believe that our ability to strengthen our existing client relationships will be an important factor in our future growth and in our ability to continue increasing our profitability.

We intend to further grow our sales force to provide broader client coverage. Further, our ability to grow our client base and drive market adoption of our services is also affected by the pace at which organizations digitally transform. We believe the degree to which prospective clients recognize the need for our offerings to maximize their business process would lead to a higher budget allocation for purchasing and engaging our services. This will drive our ability to acquire new clients and increase sales to existing clients which, in turn, will drive our revenue growth and will affect our future financial performance.

Increased marketing and branding focus

In order to compete effectively and grow our business, particularly to implement our growth strategy of diversifying our offerings into new sectors and expanding into new geographies, we continue to invest significant resources on further strengthening our brand through extensive brand building and marketing campaigns. While we continue to focus on strengthening our services portfolio, we will need to continue to invest significant resources in marketing activity to further establish our brand, which will impact our expenditure and profitability. Some of the factors which require us to increase our brand building activities include: increased spending from our competitors, the increasing costs of supporting multiple offerings and services and complex technology solutions, expansion into geographies and products where our offerings are less well known as well as inflation in pricing. We have incurred significant financial and human resources on the establishment and maintenance of our service offerings, and we will continue to invest in, and devote resources to, advertising and marketing, as well as other brand building efforts to enhance consumer awareness of our brand and the services and technology solutions we offer. In addition, we have recently changed the name of our Company and expect to undertake additional marketing and brand building activities to promote our Company. We believe that the increased brand awareness and marketing of our products in recent years have resulted in an increase in revenues from our e-governance offerings in recent periods and we expect this trend to continue.

Operating costs

Processing charges contribute a significant portion of our total expenses on account of printing, postage and service charges paid to facilitation centers for PAN, TAN, e-TDS, Aadhar and CRA services. Processing charges were ₹ 3,845.66 million, ₹ 3,136.80 million, ₹ 3,363.04 million, ₹ 2,546.74 million and ₹ 2,173.57 million in Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and December 31, 2022, respectively, and accounted for 64.41%, 58.52%, 57.53%, 58.63% and 49.28% of our total expenses, respectively. Employee benefit expense is a component of our total expense. As we expand our business operations, we expect to incur additional employee costs resulting from an increase in the number of personnel as well as the employment of technically qualified employees. The information technology industry is highly competitive, and it can be difficult and expensive to attract and retain talented and experienced employees.

Competition

Our business is highly competitive, and our success is dependent upon our ability to compete against other IT companies, as well as service providers, including some that have greater resources than we have. Some of our competitors have longer operating histories, greater financial, technical, product development and marketing resources and greater name recognition. Such competitors could use these resources to market or develop solutions that are more effective or less costly than our solutions or that could render any or all of our solutions obsolete. Competitive pressures could also affect the pricing of our solutions. Greater competition for particular solutions could have a negative impact on pricing. We will continue to seek to distinguish our offerings by providing quality solutions at competitive prices. In addition, we may face pressure to increase our advertising and sales promotion expenses significantly, which would adversely affect our profitability.

Impact of COVID-19

On March 14, 2020, the Government of India declared COVID-19 as a "notified disaster" and initiated a nation-wide lockdown beginning March 25, 2020 for three weeks which was extended to May 31, 2020. The lockdown was periodically extended to varying degrees by state governments and local administrations. The lockdown, including shutdown of public transportation, hampered our business and field operations. A second wave of COVID-19 beginning in March 2021 became more severe and widespread than the first wave during 2020, with many geographies experiencing shortages of vaccines, hospital beds and oxygen. This second wave has also resulted in additional lockdowns throughout India. As a result of this second wave of COVID-19 cases and associated lockdowns, our business and field operations were similarly hampered. Our profitability was marginally impacted as certain clients sought price reductions or discounts. Our revenue from operations decreased by 15.78% from ₹ 7,161.39 million in Fiscal 2020 to ₹ 6,031.32 million in Fiscal 2021. We also witnessed an increase in provision for doubtful debts from ₹ 106.30 million in Fiscal 2020 to ₹ 398.30.00 million in Fiscal 2021 due to an increase in expected credit risk loss on long outstanding trade receivables.

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE FINANCIAL YEARS

There have been no changes in the accounting policies of the Company during the last three financial years, except for with respect to Ind AS 116, which was effective for accounting periods beginning on or after April 1, 2019.

Ind AS 116

On March 30, 2019, the Ministry of Company Affairs ("**MCA**") notified that Ind AS 116 – Leases would be effective for accounting periods beginning on or after April 1, 2019 which prescribes the accounting of the lease contracts entered in the capacity of the lessee and a lessor. We have applied Ind AS 116 for preparing the Ind AS audited financial statements for the period beginning from April 1, 2019. For the purpose of preparing Restated Consolidated Financial Information, Ind AS 116 has been applied retrospectively with effect from April 1, 2018. Effective April 1, 2018, we have recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding right of use asset at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before April 1, 2018.

The adoption of this new standard has resulted in us recognising a right-of-use assets and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

NON-GAAP MEASURES

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Return on Equity, Return on Capital Employed, Net Worth, Return on Net Worth and Net Asset Value Per Equity Share (together, **"Non-GAAP Measures**"), presented in this Second Addendum is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to Profit for the year / period

The table below reconciles restated profit for the year / period to EBITDA and Adjusted EBITDA. EBITDA is calculated as restated profit for the year / period plus tax expense, finance cost, depreciation and amortization expenses. Adjusted EBITDA calculated as EBITDA less other income, while Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by revenue from operations.

Particulars	Fiscal			For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
	2020	2021	2022		
	(₹ million)				
Profit for the year / period (A)	1,218.54	921.85	1,439.37	739.31	754.65
Total tax Expense (B)	357.63	238.17	416.86	211.59	240.65
Profit before tax (C=A+B)	1,576.17	1,160.02	1,856.23	950.90	995.30
Adjustments:					
Add: Finance Costs (D)	16.23	9.45	4.83	3.36	7.28
Add: Depreciation and Amortization Expense (E)	270.11	167.91	169.95	122.60	135.87
Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) (G= C+D+E)	**1,862.51**	**1,337.38**	**2,031.01**	**1,076.86**	**1,138.45**
Less: Other income (F)	385.01	488.95	792.67	226.21	303.67
Adjusted Earnings before interest, taxes, depreciation and amortization expenses (Adjusted EBITDA) (H= G-F)	**1,477.50**	**848.43**	**1,238.34**	**850.65**	**834.78**
Revenue from operations (I)	7,161.39	6,031.32	6,909.09	5,068.30	5,102.20
Adjusted EBITDA Margin (EBITDA as a percentage of Revenue from operations) (J = H/I)	**20.63%**	**14.07%**	**17.92%**	**16.78%**	**16.36%**

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Set forth below are the principal components of income and expenditure from our continuing operations:

Total Income

Our total income comprises (i) revenue from operations, and (ii) other income.

Revenue from Operations

Revenue from operations comprises sale of services that includes transactional fees, accounts maintenance fees and other operational income.

Other Income

Other income includes (i) interest income on assets measured at amortized cost (including interest on financial assets carried at amortised cost, interest on bank deposits, interest on overdue trade receivables, interest on security deposits and on others); (ii) dividend income; (iii) support charges; (iv) rent income; (v) miscellaneous income and (vi) profits on sale of investments carried on amortised cost.

Expenses

Our expenses comprise (i) employee benefits expenses; (ii) finance costs; (iii) depreciation and amortisation expense; and (iv) other expenses.

Employee Benefits Expenses

Employee benefits expenses comprises (i) salaries, wages and bonus; (ii) share based payment expense towards ESOP 2017; (iii) contribution to provident and other funds and (iv) staff welfare expenses.

Finance Costs

Finance cost changes in the carrying value of right of use assets on account of Ind AS 116.

Depreciation and Amortisation Expense

Depreciation and amortization expenses comprises (i) depreciation of property, plant and equipment, and other intangible assets; and (ii) depreciation to right-of-use assets due to the impact of application of Ind AS 116 over the period.

Other Expenses

Other expenses comprise of (i) rent; (ii) communication expenses; (iii) travelling and conveyance expenses; (iv) annual fees;

(v) processing charges; (vi) repairs and maintenance; (vii) insurance; (viii) rates and taxes; (ix) advertisement and publicity; (x) legal and professional fees; (xi) printing and stationery expenses; (xii) auditors' remuneration; (xiii) electricity charges / power fuel; (xiv) directors' sitting fees; (xv) directors' commission; (xvi) provision for doubtful debts; (xvii) loss on sale of assets; (xviii) loss on sale of property, plant and equipment; (xix) loss on sale of investments mandatorily measured at amortized cost; (xix) CSR expenses and (xx) miscellaneous expenses.

Key components of other expenses are explained below:

- Processing charges primarily consists of printing, postage and service charges paid to facilitation centers for PAN, TAN, e-TDS, Aadhar and CRA services;
- Repair and maintainence expenses primarily comprises of expenses towards repairs and maintenance of building; computers, telecommunication systems and other general repair and maintenance;
- Provision for doubtful debts are mainly incurred based on the expected credit loss policy of the company;
- Annual fees primarily comprises of fees paid to regulators for CRA and authentication services;
- Communication expenses primarily consists of payment for leased line, internet connection, telephone and SMS services;
- Expenditure toward CSR activities;
- Power and fuel expenses comprise of payments towards electricity charges, diesel and petrol expenses for generator and cars facility for officials of the company; and
- Miscellaneous expenses mainly comprise of fees paid for storage of documents and other general office expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

Subsidiaries:

Subsidiaries are all entities over which Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the restated consolidated financial information from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidation procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the restated consolidated financial information. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Restated Consolidated Financial Information is prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the restated consolidated financial information for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the restated consolidated financial information to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31.

Non-controlling interest:

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

List of entities consolidated:

Particulars	Country of Incorporation	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
NSDL e-Governance (Malaysia) SDN BHD	Republic of Malaysia	51%	51%	51%
Protean e-Gov Australia Pty Ltd (incorporated on December 9, 2020)	Australia	100%	100%	-
NSDL e-Governance Account Aggregator Limited (incorporated on November 2, 2020)	India	100%	100%	-
Protean Infosec Services Limited (from September 30, 2021)	India	100%	100%	-

Significant Accounting Judgments, Estimates and Assumptions

The preparation of Restated Consolidated Financial Information in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. 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 period/year, are described below. The Group 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 Group. Such changes are reflected in the assumptions when they occur.

Use of judgements and estimates

The areas involving significant judgement and estimates are as follows:

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 18: Revenue recognition
- Note 24: Fair value measurement of financial assets

- Note 27: Leases
- Note 4 and 8: Classification of investments

Estimates:

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these restated consolidated financial information have been disclosed below:

- Note 23: Defined benefit
- Note 2: Property, plant and equipment
- Note 27: Leases
- Note 6: Income taxes
- Note 24: Fair value measurement of financial instruments
- Note 29: Share based payments
- Note 19: Other income
- Note 18: Revenue recognition
- Note 9: Trade receivables

The preparation of the restated consolidated financial information in conformity with the recognition and measurement principles of the Ind AS requires management of the Group to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the restated consolidated financial information and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these restated consolidated financial information have been disclosed below. Accounting estimates could change from period to period. Although these estimate are based on management's best knowledge of current events and actions, uncertainty about the assumption and estimates could result in the outcome requiring material adjustment to the carrying amount of asset and liabilities.

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

In view of the unprecedented COVID-19 pandemic and economic forecasts, the Management has evaluated the impact on the restated consolidated financial information and made appropriate adjustment where necessary. In assessing the recoverability of its assets including receivables and unbilled receivables, the Group has considered internal and external information up to the date of approval of these restated consolidated financial information including economic forecasts. The Group has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets.

However, the actual impact of COVID-19 on the Group's restated consolidated financial information may differ from that estimated and the Group will continue to closely monitor any material changes to future economic conditions.

Defined benefit

The cost of the defined benefits that includes gratuity and compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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.

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. 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.

Income taxes

The major tax jurisdiction for the group is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

The amount of the deferred 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.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Share based payments

The Group is required to evaluate the terms to determine whether share-based payment is equity settled or cash settled. Judgment is required to do this evaluation. Further, the Group is required to measure the fair value of equity settled transactions with employees at the grant date of the equity instruments. The aforementioned inputs entered in to the option valuation model that we use to determine the fair value of our share awards are subjective estimates, changes to these estimates will cause the fair value of our share-based awards, and related share-based compensations expense we record to vary.

Interest income

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or 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 Group 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 finance income in the statement of profit and loss.

Trade receivables

The Group estimates the un-collectability of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Revenue Recognition

The Group earns revenue primarily from providing Information Technology (IT) enabled e-Governance services. The Group offers integrated portfolio of IT, business and engineering services and solutions.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.
To recognise revenues, the Group applies the following five step approach;

- identify the contract with a customer,
- identify the performance obligations in the contract,
- determine the transaction price,
- allocate the transaction price to the performance obligations in the contract and
- recognize revenues when a performance obligation is satisfied.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of accounting in Ind AS 115.

Determination of transaction price

Revenue is measured based on transaction price which includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Revenues also exclude taxes collected from customers.

Allocation of transaction price

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, the Group allocates the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the adjusted market assessment approach, under which the Group evaluates the price in that market that a customer is willing to pay for those services.

While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as the Group sells those performance obligations unaccompanied by other performance obligations.

Satisfaction of performance obligation

A contract asset is right to consideration in exchange of services that the Group has rendered to a customer when that right is conditioned on something other than passage of time. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (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.

A contract liability is the obligation to render services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group renders services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group renders services as per the contract.

- Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method ('POC method'). When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

- Revenue related to fixed price maintenance and support services contracts, where the Group is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.

- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for service level credits and incentives, if any, as specified in the contract with the customer.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group 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.

Use of significant judgements in revenue recognition:

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as service level credits and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Practical expedients used:

In accordance with the practical expedient in Para 63 of Ind AS 115, the Group has not adjusted the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, borrowing cost and other incidental expenses for bringing the asset to its working conditions for its intended use but net of indirect taxes, wherever input credit is claimed.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred.

The cost and related accumulated depreciation are eliminated from the restated consolidated financial information upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for premise. The Group 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 Group assesses whether:

- the contract involves the use of an identified asset;

- the Group has substantially all of the economic benefits from use of the asset through the period of the lease; and

- the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the lease term.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

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

Depreciation and Amortisation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Depreciation and amortisation on additions / deletions is provided on pro-rata basis from the date of acquisition/ up to the date of deletion.

Depreciation and amortisation on assets is provided on the straight-line method using the rates based on the economic useful life of assets as estimated by the management but not being more than the limits specified in Schedule II of the Companies Act, 2013 as below:

Assets	Estimated Useful Lives
Central System	6 years
Servers	6 years
Computers	3 years
Communication (Network)	6 years
Electrical Installations	10 years
Office Equipment's	5 years
Furniture	10 years
Buildings	60 years

Computer Software is amortized over a period of 2 years.

Depreciation is not recorded on capital work-in-progress until installation is complete and the asset is ready for its intended use. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Intangible Assets

Intangible assets comprising of software are recorded at acquisition cost and are amortized over the estimated useful life on straight line basis. Cost of development and production incurred till the time software is ready for use is capitalised.

Gains or losses arising from derecognition 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 or loss when the asset is derecognised. Research cost are expensed as incurred.

Development costs

Development expenditure on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Impairment of Tangible and Intangible Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Foreign Currency Transactions and Translation

Transactions and translations

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the rates prevailing on the reporting period date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

Employee Benefit Costs

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-Employment benefits

Defined Contribution plans

- *Provident Fund:* Employees are entitled to receive benefits in respect of provident fund, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law were made to recognised Provident Fund.

- *Superannuation:* Certain employees of the Group are participants in a defined contribution plan. The Group has no further obligations to the Plan beyond its annual contributions which are contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

Defined Benefit Plans

- *Gratuity:* The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

  The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC.

  The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

  The obligation is measured at the present value of the estimated future cash flows. The discount rates 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. The Group recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability.

  Gains or losses through re-measurement of the net defined benefit liability / (asset) are recognised in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognised in other comprehensive income. The effects of any plan amendments are recognised in statement of profit and loss.

- *Compensated absences:* The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Income Tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or it is recognized in other comprehensive income.

Current tax

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the restated consolidated financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the restated consolidated financial information. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. A contingent asset is neither recognised nor disclosed in the restated consolidated financial information.

Cash Flow Statement

Cash flows are reported using the indirect method for presenting operating cash flow, whereby profit or loss for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Cash and Bank Balances

Cash and cash equivalents comprise cash in hand, balance with banks and term deposits with banks with original maturity up to three months.

Other bank balances comprises of term deposit with banks having maturity of more than three months but less than twelve months from the Balance sheet date.

Earnings Per Share

Basic earnings per share are calculated by dividing the net profit and loss for the period attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit and loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Financial Instruments

Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

Subsequent measurement

Financial assets

Financial assets are classified into the following specified categories: financial assets "at amortised cost", "fair value through other comprehensive income", "fair value through Profit or Loss". The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset at the time of initial recognition.

Financial assets are recognised by the Group as per its business model.

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially at fair value through profit or loss.

Income and expense is recognised on an effective interest basis for debt instrument, other equity instruments are classified as "fair value through profit or loss".

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

All assets and liabilities for which fair value is measured or disclosed in the restated consolidated financial information are categorised within the fair value hierarchy, described as follows, 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 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables) and others are measured at amortised cost using the effective interest rate (EIR) method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account both quantitative and qualitative information and analysis, based on the Group's historical credit loss experience and informed credit assessment and is adjusted basis forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Loans and receivables and de-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial liabilities and equity instruments

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

Non-current Assets Held for Sale and Discontinued Operations

Non-current assets held for sale are measured at lower of the carrying value and the fair value less cost to sell.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Share based payment

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period, with the corresponding increase in equity. 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.

Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company’s Board of Directors.

Corporate Social Responsibility (CSR) Expenditure

CSR expense is recognized as it is incurred by the Group or when Group has entered into any legal or constructive obligation for incurring such an expense.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2021 AND NINE MONTHS ENDED DECEMBER 31, 2022

The following table sets forth certain information with respect to our results of operations for the nine months ended December 31, 2021 and December 31, 2022:

Particulars	For the nine months ended December 31, 2021		For the nine months ended December 31, 2022	
	(₹ million)	Percentage of total income	(₹ million)	Percentage of total income
Income				
Revenue from operations	5,068.30	95.73%	5,102.20	94.38%
Other income	226.21	4.27%	303.67	5.62%
Total Income	**5,294.51**	**100.00%**	**5,405.87**	**100.00%**

Particulars	For the nine months ended December 31, 2021		For the nine months ended December 31, 2022	
	(₹ million)	Percentage of total income	(₹ million)	Percentage of total income
Expenses				
Employee benefits expense	575.48	10.87%	843.94	15.61%
Finance costs	3.36	0.06%	7.28	0.13%
Depreciation and amortisation expense	122.60	2.32%	135.87	2.51%
Other expenses	3,642.17	68.79%	3,423.48	63.33%
Total expenses	**4,343.61**	**82.04%**	**4,410.57**	**81.59%**
Profit before tax	**950.90**	**17.96%**	**995.30**	**18.41%**
Less: Tax expense				
- Current tax	249.82	4.72%	259.36	4.80%
- Deferred tax	(38.24)	(0.72)%	(18.71)	(0.35)%
Total tax expense	**211.59**	**4.00%**	**240.65**	**4.45%**
Profit for the year (A)	**739.31**	**13.96%**	**754.65**	**13.96%**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement of the defined benefit liability / asset	8.86	0.17%	(6.86)	(0.12)%
Total other comprehensive income (net of tax) (B)	**8.86**	**0.17%**	**(6.86)**	**(0.12)%**
Total comprehensive income (A+ B)	**748.17**	**14.13%**	**747.79**	**13.83%**

NINE MONTHS ENDED DECEMBER 31, 2022 COMPARED TO NINE MONTHS ENDED DECEMBER 31, 2021

Key Developments

- We launched "*Protean Cloud Services*" an AI-powered private cloud offering for business enterprises on August 5, 2022.

- In order to expand our last mile geographical reach for our taxation services, we entered into partnerships with distribution networks such as Nearby Technologies Private Limited, Fino Payments Bank Limited, Vakrangee Limited and Payworld Digital Services Private Limited .

- Towards enabling digital on-boarding and data verification capabilities as part of our services, we have incorporated our Subsidiary, NSDL e-Governance Account Aggregator Limited on November 2, 2020 for account aggregation business and have received the certificate of registration dated January 9, 2023 from the RBI.

Income

Total income increased by 2.10% from ₹ 5,294.51 million in the nine months ended December 31, 2021 to ₹ 5,405.87 million in the nine months ended December 31, 2022 primarily on account of an increase in revenue from accounts maintenance fees and an increase in other income.

Revenue from Operations

Revenue from operations marginally increased by 0.67% from ₹ 5,068.30 million in the nine months ended December 31, 2021 to ₹ 5,102.20 million in the nine months ended December 31, 2022 primarily on account of an increase in revenue from accounts maintenance fees.

Sale of Services

Sale of services marginally increased by 0.67% from ₹ 5,068.30 million in the nine months ended December 31, 2021 to ₹ 5,102.20 million in the nine months ended December 31, 2022 primarily due to an increase in accounts maintenance fees by 36.25% from ₹ 1,193.45 million in the nine months ended December 31, 2021 to ₹ 1,626.07 million in the nine months ended December 31, 2022 on account of an increase in numbers of active subscribers of NPS, and other operational income by 15.01% from ₹ 8.73 million in the nine months ended December 31, 2021 to ₹ 10.04 million in the nine months ended December 31, 2022 on account of an increase in generation of revenue from our cyber security business. This was offset by a decrease in transaction fees by 10.81% from ₹ 3,866.13 million in the nine months ended December 31, 2021 to ₹ 3,466.09 million in the nine months ended December 31, 2022 due to reduction in processing charges in the social registry services on account of reduction in UIDAI charges that we charge from our customers.

Other Income

Other income increased by 34.24% from ₹ 226.21 million in the nine months ended December 31, 2021 to ₹ 303.67 million in the nine months ended December 31, 2022 primarily on account of an increase in interest on financial assets measured at amortised cost by 51.22% from ₹ 151.36 million in the nine months ended December 31, 2021 to ₹ 228.88 million in the nine months ended December 31, 2022; and an increase in bank deposits by 30.51% from ₹ 27.14 million in the nine months ended December 31, 2021 to ₹ 35.42 million in the nine months ended December 31, 2022. In addition, divided income increased by 69.69% from ₹ 9.47 million in the nine months ended December 31, 2021 to ₹ 16.07 million in the nine months ended December 31, 2022; an increase in support charges by 39.08% from ₹ 4.76 million in the nine months ended December 31, 2021 to ₹ 6.62 million in the nine months ended December 31, 2022 and miscellaneous income increased from ₹ 0.19 million in the nine months ended December 31, 2021 to ₹ 15.34 million in the nine months ended December 31, 2022.

This was marginally offset by a decrease in overdue trade receivables from ₹ 15.25 million in the nine months ended December 31, 2021 to nil in the nine months ended December 31, 2022; and a decrease in interest earned on security deposits measured at amortised cost by 75.99% from ₹ 5.58 million in the nine months ended December 31, 2021 to ₹ 1.34 million in the nine months ended December 31, 2022.

Expenses

Total expenses increased marginally by 1.54% from ₹ 4,343.61 million in the nine months ended December 31, 2021 to ₹ 4,410.57 million in the nine months ended December 31, 2022, primarily due to an increase in employee benefits expense on account of increase in total number of employees from 446 in the nine months ended December 31, 2021 to 483 in the nine months ended December 31, 2022.

Employee Benefits Expenses

Employee benefits expenses increased by 46.45% from ₹ 575.48 million in the nine months ended December 31, 2021 to ₹ 843.94 million in the nine months ended December 31, 2022, primarily due to an increase in salaries, wages and bonus by 49.26% from ₹ 476.79 million in the nine months ended December 31, 2021 to ₹ 711.67 million in the nine months ended December 31, 2022 on account of yearly increment. In addition, contribution to provident and other fund increased by 38.03% from ₹ 64.45 million in the nine months ended December 31, 2021 to ₹ 88.96 million in the nine months ended December 31, 2022, share based payment expense for ESOP 2017 increased by 52.13% from ₹ 13.12 million in the nine months ended December 31, 2021 to ₹ 19.96 million in the nine months ended December 31, 2022 and staff welfare expenses increased by 10.56% from ₹ 21.12 million in the nine months ended December 31, 2021 to ₹ 23.35 million in the nine months ended December 31, 2022.

Finance Costs

Finance costs increased by 116.67% from ₹ 3.36 million in the nine months ended December 31, 2021 to ₹ 7.28 million in the nine months ended December 31, 2022 primarily in connection with fresh lease agreements entered for two of our office properties located in Mumbai, Maharashtra.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased by 10.82% from ₹ 122.60 million in the nine months ended December 31, 2021 to ₹ 135.87 million in the nine months ended December 31, 2022, primarily due to an increase in amortisation expenses on long term lease assets as per Ind AS 116 on account of fresh lease agreements entered for two of our office properties located in Mumbai, Maharashtra.

Other Expenses

Other expenses decreased marginally by 6.00% from ₹ 3,642.17 million in the nine months ended December 31, 2021 to ₹ 3,423.48 million in the nine months ended December 31, 2022, primarily due to a decrease in:

- Processing charges by 14.65% from ₹ 2,546.74 million in the nine months ended December 31, 2021 to ₹ 2,173.57 million in the nine months ended December 31, 2022, primarily due to reduction in processing charges in the social registry services on account of reduction in UIDAI charges that we charge from our customers.

- Insurance by 68.85% from ₹ 25.33 million in the nine months ended December 31, 2021 to ₹ 7.89 million in the nine months ended December 31, 2022, primarily due to the sale of data centre located at Bengaluru, Karnataka.

- Rates and taxes marginally by 3.57% from ₹ 12.04 million in the nine months ended December 31, 2021 to ₹ 11.61 million in the nine months ended December 31, 2022, primarily due to reduction in statutory expenses.

- Provision for doubtful debts by 47.63% from ₹ 200.50 million in the nine months ended December 31, 2021 to ₹ 105.00 million in the nine months ended December 31, 2022, primarily due to a decrease in provisioning of expected payments from an existing customer of our Company in accordance with our expected credit loss policy framework.

The decrease was partially offset by an increase in travelling and conveyance by 443.85% from ₹ 8.05 million in the nine months ended December 31, 2021 to ₹ 43.78 million in the nine months ended December 31, 2022 primarily due to resumption of travel following removal of restrictions on account of the COVID-19 pandemic; increase in annual fees by 9.04% from ₹

73.82 million in the nine months ended December 31, 2021 to ₹ 80.49 million in the nine months ended December 31, 2022 primarily due to an increase revenues from provision of CRA services during the period; increase in advertisement and publicity by 54.83% from ₹ 24.86 million in the nine months ended December 31, 2021 to ₹ 38.49 million in the nine months ended December 31, 2022 primarily due to an increase in expenditure on business promotion activities and branding; increase in electricity charges / power and fuel by 37.14% from ₹ 19.55 million in the nine months ended December 31, 2021 to ₹ 26.81 million in the nine months ended December 31, 2022 primarily due to leasing two additional properties for office purposes in Mumbai, Maharashtra; an increase in expenditure incurred on CSR activities by 114.47% from ₹ 11.47 million in the nine months ended December 31, 2021 to ₹ 24.60 million in the nine months ended December 31, 2022; and an increase in provision for doubtful GST credit from nil in the nine months ended December 31, 2021 to ₹ 11.64 million in the nine months ended December 31, 2022 primarily due to creating provision for non-availability of GST credit pertaining to Fiscal 2021 and Fiscal 2022.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 950.90 million in the nine months ended December 31, 2021 compared to ₹ 995.30 million in the nine months ended December 31, 2022.

Tax Expense

Current tax expenses increased from ₹ 249.82 million in the nine months ended December 31, 2021 to ₹ 259.36 million in the nine months ended December 31, 2022, in line with the increase in profit of the company. Deferred tax expenses decreased from ₹ 38.24 million in the nine months ended December 31, 2021 to ₹ 18.71 million in the nine months ended December 31, 2022, primarily on account of disallowance of expenses related to provision for doubtful debts.

As a result, total tax expense amounted to ₹ 240.65 million in the nine months ended December 31, 2022 as compared to ₹ 211.59 million in the nine months ended December 31, 2021.

Profit for the Period

We recorded a profit for the period of ₹ 754.65 million in the nine months ended December 31, 2022 as compared to ₹ 739.31 million in the nine months ended December 31, 2021.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA)

Adjusted EBITDA was ₹ 834.78 million in the nine months ended December 31, 2022 as compared to ₹ 850.65 million in the nine months ended December 31, 2021, while Adjusted EBITDA Margin was 16.36% in the nine months ended December 31, 2022 as compared to 16.78% in the nine months ended December 31, 2021.

RESULTS OF OPERATION FOR FISCAL 2020, 2021 AND 2022

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscal 2020, 2021 and 2022:

Particulars	Fiscal					
	2020		2021		2022	
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
Income						
Revenue from operations	7,161.39	94.90%	6,031.32	92.50%	6,909.09	89.71%
Other income	385.01	5.10%	488.95	7.50%	792.67	10.29%
Total Income	**7,546.40**	**100.00%**	**6,520.27**	**100.00%**	**7,701.76**	**100.00%**
Expenses						
Employee benefits expense	686.28	9.09%	752.67	11.54%	786.76	10.22%
Finance costs	16.23	0.22%	9.45	0.14%	4.83	0.06%
Depreciation and amortisation expense	270.11	3.58%	167.91	2.58%	169.95	2.21%
Other expenses	4,997.61	66.23%	4,430.22	67.95%	4,883.99	63.41%
Total expenses	**5,970.23**	**79.11%**	**5,360.25**	**82.21%**	**5,845.53**	**75.90%**
Profit before tax	**1,576.17**	**20.89%**	**1,160.02**	**17.79%**	**1,856.23**	**24.10%**
Less: Tax expense						
- Current tax	376.10	4.98%	298.90	4.58%	525.16	6.82%
- Deferred tax	(18.47)	(0.24)%	(60.73)	(0.93)%	(108.30)	(1.41)%
Total tax expense	**357.63**	**4.74%**	**238.17**	**3.65%**	**416.86**	**5.41%**
Profit for the year (A)	**1,218.54**	**16.15%**	**921.85**	**14.14%**	**1,439.37**	**18.69%**
Other comprehensive income						

Particulars	Fiscal					
	2020		2021		2022	
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
Items that will not be reclassified subsequently to profit or loss						
Re-measurement of the defined benefit liability / asset	(37.86)	(0.50)%	(28.60)	(0.44)%	36.25	0.47%
Total other comprehensive income (net of tax) (B)	**(37.86)**	**(0.50)%**	**(28.60)**	**(0.44)%**	**36.25**	**0.47%**
Total comprehensive income (A+ B)	**1,180.68**	**15.65%**	**893.25**	**13.70%**	**1,475.62**	**13.83%**

FISCAL 2022 COMPARED TO FISCAL 2021

Key Developments

- We invested ₹ 100 million in Open Network for Digital Commerce ("**ONDC**"), a Section-8 company, which is a digital project implemented by the Government of India to make the overall e-commerce market more efficient and inclusive that is based on open protocols and open source specifications. *(Source: CRISIL Report)* Our Company is one of the promoter of ONDC.

- We ventured into new business services such as cyber security (to that extent incorporated a wholly owned subsidiary Protean Infosec Services Limited on September 30, 2021) and cloud services.

Income

Total income increased by 18.12% from ₹ 6,520.27 million in Fiscal 2021 to ₹ 7,701.76 million in Fiscal 2022 primarily due to an increase in revenue from transaction fees, revenue from accounts maintenance fees and an increase in other income.

Revenue from Operations

Revenue from operations increased by 14.55% from ₹ 6,031.32 million in Fiscal 2021 to ₹ 6,909.09 million in Fiscal 2022 primarily due to an increase in revenue from transaction fees, revenue from accounts maintenance fees and an increase in other income.

Sale of Services

Sale of services increased by 14.55% from ₹ 6,031.32 million in Fiscal 2021 to ₹ 6,909.09 million in Fiscal 2022 primarily owing to an increase in transaction fees by 10.06% from ₹ 4,413.21 million in Fiscal 2021 to ₹ 4,857.16 million in Fiscal 2022 on account of an increase in fees from issuance of PAN cards, an increase in accounts maintenance fees by 26.86% from ₹ 1,606.95 million in Fiscal 2021 to ₹ 2,038.64 million in Fiscal 2022 on account of an increase in numbers of active subscribers of NPS, and an increase in other operational income by 19.09% from ₹ 11.16 million in Fiscal 2021 to ₹ 13.29 million in Fiscal 2022 on account of increase in non-compliance fees/charges recovered from TIN facilitation centres.

Other Income

Other income increased by 62.12% from ₹ 488.95 million in Fiscal 2021 to ₹ 792.67 million in Fiscal 2022, primarily due to an increase in interest from bank deposits by 54.18% from ₹ 24.77 million in Fiscal 2021 to ₹ 38.19 million in Fiscal 2022 and interest earned on security deposit measured at amortised cost by 10.77% from ₹ 6.87 million in Fiscal 2021 to ₹ 7.61 million in Fiscal 2022. In addition, sundry balances written back increased from nil in Fiscal 2021 to ₹ 28.90 million in Fiscal 2022. Profit on sale of assets (nets) also increased from nil in Fiscal 2021 to ₹ 438.96 million in Fiscal 2022 and profit on discard of leased assets increased from nil in Fiscal 2021 to ₹ 4.84 million in Fiscal 2022. Further, divided income increased by 42.19% from ₹ 9.22 million in Fiscal 2021 to ₹ 13.11 million in Fiscal 2022.

The increase was offset by a decrease in interest earned on financial assets measured at amortised cost by 25.17% from ₹ 262.66 million in Fiscal 2021 to ₹ 196.54 million in Fiscal 2022, interest on overdue trade receivables measured at amortised cost by 86.23% from ₹ 110.75 million in Fiscal 2021 to ₹ 15.25 million in Fiscal 2022, profit on sale of investments carried at amortised cost from ₹ 52.28 million in Fiscal 2021 to ₹ 0.02 million in Fiscal 2022. Support charges decreased by 20.67% from ₹ 7.45 million in Fiscal 2021 to ₹ 5.91 million in Fiscal 2022.

Expenses

Total expenses increased by 9.05% from ₹ 5,360.25 million in Fiscal 2021 to ₹ 5,845.53 million in Fiscal 2022, primarily due an increase in employee benefit expense and an increase in other expenses.

Employee Benefits Expenses

Employee benefits expenses increased by 4.53% from ₹ 752.67 million in Fiscal 2021 to ₹ 786.76 million in Fiscal 2022, primarily due to a marginal increase in salaries, wages and bonus by from ₹ 644.07 million in Fiscal 2021 to ₹ 647.15 million in Fiscal 2022 on account of yearly increment. In addition, contribution to provident and other fund increased marginally by 8.97% from ₹ 80.35 million in Fiscal 2021 to ₹ 87.56 million in Fiscal 2022, staff welfare expenses increased by 116.15% from ₹ 16.84 million in Fiscal 2021 to ₹ 36.40 million in Fiscal 2022 and share based payment expense for ESOP 2017 increase by 37.16% from ₹ 11.41 million in Fiscal 2021 to ₹ 15.65 million in Fiscal 2022 .

Finance Costs

Finance costs decreased by 48.89% from ₹ 9.45 million in Fiscal 2021 to ₹ 4.83 million in Fiscal 2022 mainly reduction in lease liability resulting from surrender of two leased premises located in Mumbai, Maharashtra during Fiscal 2022.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased marginally by 1.21% from ₹ 167.91 million in Fiscal 2021 to ₹ 169.95 million in Fiscal 2022, due to an increase in depreciation impact on addition in property, plant and equipment and other intangible assets.

Other Expenses

Other expenses increased by 10.24% from ₹ 4,430.22 million in Fiscal 2021 to ₹ 4,883.99 million in Fiscal 2022, primarily due to an increase in:

- Processing charges by 7.21% from ₹ 3,136.80 million in Fiscal 2021 to ₹ 3,363.04 million in Fiscal 2022, primarily due to an increase in transaction based revenue on account reduced impact of COVID-19 and increase in customers.

- Communication expenses by 11.77% from ₹ 93.18 million in Fiscal 2021 to ₹ 104.15 million in Fiscal 2022 primarily due to increase in business operations in line with the increase in our revenue from operations.

- Repairs and maintenance expenses of computers and telecommunication systems by 24.77% from ₹ 529.90 million in Fiscal 2021 to ₹ 661.15 million in Fiscal 2022, due to an increase in the use of IT resources resulting from an increase in economic activities.

- Advertisement and publicity expenses from ₹ 3.26 million in Fiscal 2021 to ₹ 45.85 million in Fiscal 2022 due to an increase in expenditure on business promotion activities.

- Provision for doubtful debts by 4.02% from ₹ 292.00 million in Fiscal 2021 to ₹ 303.73 million in Fiscal 2022, primarily due to an increase in provisioning in Fiscal 2022 as per the framework of our expected credit loss policy compared to Fiscal 2021 on account of payment due from an existing customer of our Company. We continue to provide services to the customer on the pre-paid model.

The increase was partially offset by a decrease in annual fees (which is calculated based on our revenue from operations) that is required to be paid to the Pension Fund Regulatory & Development Authority by 6.07% from ₹ 106.29 million in Fiscal 2021 to ₹ 99.84 million in Fiscal 2022, on account of excess provisions considered that was considered by us in Fiscal 2021 compared to Fiscal 2022; a decrease rates and taxes by 9.39% from ₹ 18.31 million in Fiscal 2021 to ₹ 16.59 million in Fiscal 2022; a decrease in electricity charges / power and fuel by 18.92% from ₹ 32.83 million in Fiscal 2021 to ₹ 26.62 million in Fiscal 2022, on account of surrender of two leased properties situated in Mumbai, Maharashtra; and a decrease in expenditure incurred on CSR activities by 39.66% from ₹ 57.64 million in Fiscal 2021 to ₹ 34.78 million in Fiscal 2022, on account of additional CSR expenditure in Fiscal 2021 which was carried over from Fiscal 2020 as we were not able to completely spend on our CSR activities due to the impact of the COVID-19 pandemic.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 1,856.23 million in Fiscal 2022 as compared to ₹ 1,160.02 million in Fiscal 2021.

Tax Expense

Current tax expenses increased from ₹ 298.90 million in Fiscal 2021 to ₹ 525.16 million in Fiscal 2022 in line with the increase in the profit of the company. Deferred tax expenses increased from ₹ 60.73 million in Fiscal 2021 to ₹ 108.30 million in Fiscal 2021, primarily on account of disallowance of expenses related to provision for doubtful debts.

As a result, total tax expense amounted to ₹ 416.86 million in Fiscal 2022 as compared to ₹ 238.17 million in Fiscal 2021.

Profit for the Year

We recorded a profit for the year of ₹ 1,439.37 million in Fiscal 2022 as compared to ₹ 921.85 million in Fiscal 2021.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA)

Adjusted EBITDA was ₹ 1,238.34 million in Fiscal 2022 as compared to ₹ 848.43 million in Fiscal 2021, while Adjusted EBITDA Margin was 17.92% in Fiscal 2022 as compared to 14.07% in Fiscal 2021.

FISCAL 2021 COMPARED WITH FISCAL 2020

Key Developments

- Volume of transaction based revenue reduced significantly due to lockdown imposed on account of COVID-19 pandemic in Fiscal 2021.

- We incorporated two Subsidiaries, namely, NSDL e-Governance Australia Pty Limited to explore opportunities in Australia and NSDL e-Governance Account Aggregator Limited to provide account aggregator services.

Income

Total income decreased by 13.60% from ₹ 7,546.40 million in Fiscal 2020 to ₹ 6,520.27 million in Fiscal 2021 primarily due to reduction in transaction based revenue resulting from decrease in economic activities because of COVID-19 pandemic lockdown.

Revenue from Operations

Revenue from operations decreased by 15.78% from ₹ 7,161.39 million in Fiscal 2020 to ₹ 6,031.32 million in Fiscal 2021, due to reduction in transaction based revenue resulting from decrease in economic activities because of COVID-19 pandemic lockdown.

Sale of Services

Sale of services decreased by 15.78% from ₹ 7,161.39 million in Fiscal 2020 to ₹ 6,031.32 million in Fiscal 2021, primarily owing to decline in transaction fees by 22.53% from ₹ 5,696.34 million in Fiscal 2020 to ₹ 4,413.21 million in Fiscal 2021, and other operational income by 76.53% from ₹ 47.54 million in Fiscal 2020 to ₹ 11.16 million in Fiscal 2021 on account of reduction of PAN volumes due to COVID-19 pandemic and reduction of AMC fees for NPS. This was offset by an increase in accounts maintenance fees by 13.36% from ₹ 1,417.51 million in Fiscal 2020 to ₹ 1,606.95 million in Fiscal 2021 on account of an increase in numbers of active subscribers of NPS.

Other Income

Other income increased by 27.00% from ₹ 385.01 million in Fiscal 2020 to ₹ 488.95 million in Fiscal 2021, primarily due to an increase in interest on financial assets measured at amortised cost by 4.87% from ₹ 250.46 million in Fiscal 2020 to ₹ 262.66 million in Fiscal 2021; increase in interest on overdue trade receivables by 63.61% from ₹ 67.69 million in Fiscal 2020 to ₹ 110.75 million in Fiscal 2021 and increase in interest from bank deposits by 30.37% from ₹ 19.00 million in Fiscal 2020 to ₹ 24.77 million in Fiscal 2021. In addition, profit on sale of long term investments carried on amortised cost increased from nil in Fiscal 2020 to ₹ 52.28 million in Fiscal 2021. Support charges also increased by 13.22% from ₹ 6.58 million in Fiscal 2020 to ₹ 7.45 million in Fiscal 2021.

The increase was offset by a decrease in dividend income by 43.37% from ₹ 16.28 million in Fiscal 2020 to ₹ 9.22 million in Fiscal 2021 and interest earned on security deposit measured at amortised cost by 10.20% from ₹ 7.65 million in Fiscal 2020 to ₹ 6.87 million in Fiscal 2021.

Expenses

Total expenses decreased by 10.22% from ₹ 5,970.23 million in Fiscal 2020 to ₹ 5,360.25 million in Fiscal 2021, primarily due to a decrease in processing charges as a result of the decrease in PAN volume, and a decrease in travelling and administrative expenses as most of the employees were working from home because of the COVID-19 pandemic.

Employee Benefits Expenses

Employee benefits expenses increased by 9.67% from ₹ 686.28 million in Fiscal 2020 to ₹ 752.67 million in Fiscal 2021, primarily due to an increase in salaries, wages and bonus by 11.76% from ₹ 576.31 million in Fiscal 2020 to ₹ 644.07 million in Fiscal 2021 on account of yearly increment. In addition, contribution to provident and other fund increased by 15.01% from ₹ 69.87 million in Fiscal 2020 to ₹ 80.35 million in Fiscal 2021 while share based payment expense for ESOP 2017 decreased marginally by 5.00% from ₹ 12.01 million in Fiscal 2020 to ₹ 11.41 million in Fiscal 2021.

Finance Costs

Finance costs decreased by 41.77% from ₹ 16.23 million in Fiscal 2020 to ₹ 9.45 million in Fiscal 2021 mainly reduction in lease liability resulting from surrender of leased premises during Fiscal 2021.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses decreased by 37.84% from ₹ 270.11 million in Fiscal 2020 to ₹ 167.91 million in Fiscal 2021, primarily on account of our Bengaluru data centre assets being classified as assets held for sale and therefore, no depreciation being charged on it; and decrease in lease amortisation due to surrender of lease premises during Fiscal 2021.

Other Expenses

Other expenses decreased by 11.35% from ₹ 4,997.61 million in Fiscal 2020 to ₹ 4,430.22 million in Fiscal 2021, primarily due to a decrease in:

- Processing charges by 18.43% from ₹ 3,845.66 million in Fiscal 2020 to ₹ 3,136.80 million in Fiscal 2021, primarily due to a reduction in transaction based revenue because of COVID-19.

- Repairs and maintenance expenses of computers and telecommunication systems by 4.43% from ₹ 554.48 million in Fiscal 2020 to ₹ 529.90 million in Fiscal 2021, due to a decrease in the use of IT resources resulting from decrease in economic activities.

- Rent expenses by 63.34% from ₹ 11.21 million in Fiscal 2020 to ₹ 4.11 million in Fiscal 2021, primarily on account of the surrender of rented premises.

- Travelling and conveyance expenses by 87.08% from ₹ 65.11 million in Fiscal 2020 to ₹ 8.41 million in Fiscal 2021, due to lockdowns imposed on account of COVID-19.

- Advertisement and publicity expenses by 70.26% from ₹10.96 million in Fiscal 2020 to ₹ 3.26 million in Fiscal 2021 due to a decrease in expenditure on business promotion activities because of lockdowns imposed on account of COVID-19.

- Electricity charges / power and fuel expenses by 11.65% from ₹37.16 million in Fiscal 2020 to ₹ 32.83 million in Fiscal 2021, primarily due to a decrease in electricity expenses of rented premises surrender and diesel and petrol expenses because of lockdown guidelines imposed on account of COVID-19.

The decrease was partially offset by an increase in communication expenses by 17.00% from ₹ 79.64 million in Fiscal 2020 to ₹ 93.18 million in Fiscal 2021 on account of increase in SMS charges for the period; increase in annual fees by 13.95% from ₹ 93.28 million in Fiscal 2020 to ₹ 106.29 million in Fiscal 2021 due to an increase revenues from provision of CRA services during the period; increase in rates and taxes by 84.95% from ₹ 9.90 million in Fiscal 2020 to ₹ 18.31 million in Fiscal 2021 on account of property tax reassessment; increase in provision for doubtful debts by 174.69% from ₹ 106.30 million in Fiscal 2020 to ₹ 292.00 million in Fiscal 2021 and an increase in expenditure on CSR activities by 218.63% from ₹ 18.09 million in Fiscal 2020 to ₹ 57.64 million in Fiscal 2021.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 1,160.02 million in Fiscal 2021 as compared to ₹ 1,576.17 million in Fiscal 2020.

Tax Expense

Current tax expenses decreased from ₹ 376.10 million in Fiscal 2020 to ₹ 298.90 million in Fiscal 2021 in line with decrease in profit of the company. Deferred tax expenses increased from ₹ 18.47 million in Fiscal 2020 to ₹ 60.73 million in Fiscal 2021, primarily on account of disallowance of expenses related to provision for doubtful debts.

As a result, total tax expense amounted to ₹ 238.17 million in Fiscal 2021 as compared to ₹ 357.63 million in Fiscal 2020.

Profit for the Year

We recorded a profit for the year of ₹ 921.85 million in Fiscal 2021 as compared to ₹ 1,218.54 million in Fiscal 2020.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA)

Adjusted EBITDA was ₹ 848.43 million in Fiscal 2021 as compared to ₹ 1,477.50 million in Fiscal 2020, while Adjusted EBITDA Margin was 14.07% in Fiscal 2021 as compared to 20.63% in Fiscal 2020.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations primarily through funds generated from our operations.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Fiscal			For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
	2020	2021	2022		
	(₹ million)				
Net cash generated from/ (used in) operating activities	535.10	1,001.19	942.69	543.17	494.15
Net cash generated from/ (used in) investing activities	(125.30)	1,156.56	726.20	(397.22)	(1,710.12)
Net cash (used in) financing activities	(393.21)	(1,833.57)	(336.30)	(357.46)	(438.05)
Net increase/ (decrease) in cash and cash equivalents	16.59	324.18	1,332.59	(211.51)	(1,654.02)
Cash and cash equivalents at the end of the year / period	**410.43**	**734.61**	**2,067.20**	**523.10**	**413.18**

Operating Activities

Nine months ended December 31, 2022

In the nine months ended December 31, 2022, net cash generated from operating activities was ₹ 494.15 million. Profit before tax was ₹ 995.30 million and adjustments primarily consisted of depreciation and amortisation of ₹ 135.86 million, provision for doubtful debts of ₹ 105.00 million and amortisation of premium / discount on government / debt securities of ₹ 14.28 million, share based payment expense of ₹ 19.96 million and interest on lease expense of ₹ 7.28 million. This was partially offset by adjustments in interest income on financial assets carried at amortised cost of ₹ 228.88 million, interest income on bank deposit of ₹ 35.42 million, and dividend income of ₹ 16.07 million.

Operating cash flows before working capital changes were ₹ 997.31 million in the nine months ended December 31, 2022. The main working capital adjustments included an increase in trade receivables by ₹ 128.56 million, decrease in trade payables of ₹ 10.88 million, increase in other financial liabilities, other liabilities and provisions of ₹ 14.57 million on account of increase in provision of incentives payable to employees due to increase in number of employees, revision of pay structure to meet industry standards and increase in performance linked incentives. This was offset by an increase in other assets and financial assets decreased by ₹ 66.11 million as at year end. Cash generated from operating activities in the nine months ended December 31, 2022 amounted to ₹ 806.33 million. Income tax paid (net) amounted to ₹ 312.18 million.

Nine months ended December 31, 2021

In the nine months ended December 31, 2021, net cash generated from operating activities was ₹ 543.17 million. Profit before tax was ₹ 950.90 million and adjustments primarily consisted of depreciation and amortisation of ₹ 122.60 million, provision for doubtful debts of ₹ 200.50 million and amortisation of premium / discount on government / debt securities of ₹ 15.24 million, share based payment expense of ₹ 13.12 million and interest on lease expense of ₹ 3.36 million. This was partially offset by adjustments in interest income on financial assets carried at amortised cost of ₹ 166.60 million, interest income on bank deposit of ₹ 27.14 million, and dividend income of ₹ 9.47 million.

Operating cash flows before working capital changes were ₹ 1,102.30 million in the nine months ended December 31, 2021. The main working capital adjustments included an increase in trade receivables by ₹ 457.04 million, and a decrease in other assets and financial assets decreased by ₹ 27.47 million as at end of the period. This was offset by an increase in trade payables by ₹ 134.63 million, and decrease in other financial liabilities, other liabilities and provisions of ₹ 2.49 million on account of decrease in provision for leave encashment and gratuity. Cash generated from operating activities in the nine months ended December 31, 2021 amounted to ₹ 543.17 million. Income tax paid (net) amounted to ₹ 261.70 million.

Fiscal 2022

In Fiscal 2022, net cash generated from operating activities was ₹ 942.69 million. Profit before tax was ₹ 1,856.23 million and adjustments primarily consisted of depreciation and amortisation of ₹ 164.59 million, provision for doubtful debts of ₹ 303.73 million and amortisation of premium / discount on government / debt securities of ₹ 19.56 million, share based payment expense of ₹ 15.65 million and interest on lease expense of ₹ 4.83 million. This was partially offset by adjustments in interest income on financial assets carried at amortised cost of ₹ 196.54 million and profit on sale / discard of assets (net) of ₹ 438.96 million, interest income on bank deposit of ₹ 38.19 million, dividend income of ₹ 13.11 million and profit on discard of leased assets (net) of ₹ 4.84 million.

Operating cash flows before working capital changes were ₹ 1,672.95 million in Fiscal 2022. The main working capital adjustments included an increase in trade receivables by ₹ 322.73 million, decrease in trade payables of ₹ 31.19 million and other assets and financial assets decreased by ₹ 55.46 million as at year end, increase in other financial liabilities, other liabilities and provisions of ₹ 46.65 million on account of an increase in GST and TDS payable. Cash generated from operating activities in Fiscal 2022 amounted to ₹ 1,421.14 million. Income tax paid (net) amounted to ₹ 478.45 million.

Fiscal 2021

In Fiscal 2021, net cash generated from operating activities was ₹ 1,001.19 million. Profit before tax was ₹ 1,160.02 million and adjustments primarily consisted of depreciation and amortisation of ₹ 167.91 million, provision for doubtful debts of ₹ 292.00 million and amortisation of premium / discount on government / debt securities of ₹ 11.30 million, share based payment expense of ₹ 11.41 million and interest on lease expense of ₹ 9.45 million. This was partially offset by adjustments in interest income on financial assets carried at amortised cost of ₹ 262.66 million and profit on sale / discard of assets (net) of ₹ 52.28 million, interest income on bank deposit of ₹ 24.77 million, dividend income of ₹ 9.22 million and profit on discard of leased assets (net) of ₹ 1.40 million.

Operating cash flows before working capital changes were ₹ 1,301.76 million in Fiscal 2021. The main working capital adjustments included an increase in trade receivables by ₹ 162.29 million and other assets and financial assets decreased by ₹ 36.24 million as at year end, increase in other financial liabilities, other liabilities and provisions of ₹ 43.03 million on account of increase in provision for leave encashment and gratuity on account of increase in provision of incentives payable to employees due to increase in number of employees, revision of pay structure to meet industry standards and increase in performance linked incentives. This was significantly offset by an increase in trade payables by ₹ 101.57 million. Cash generated from operating activities in Fiscal 2021 amounted to ₹ 1,320.31 million. Income tax paid (net) amounted to ₹ 319.12 million.

Fiscal 2020

In Fiscal 2020, net cash generated from operating activities was ₹ 535.10 million. Profit before tax was ₹ 1,576.17 million and adjustments primarily consisted of depreciation and amortisation of ₹ 270.11 million and provision for doubtful debts of ₹ 106.30 million and amortisation of premium / discount on government / debt securities of ₹ 17.20 million, share based payment expense of ₹ 12.01 million and interest on lease expense of ₹ 16.23 million. This was partially offset by adjustments in interest income on financial assets carried at amortised cost of ₹ 250.46 million, interest income on bank deposits of ₹ 19.00 million and dividend income of ₹ 16.28 million.

Operating cash flows before working capital changes were ₹ 1,712.18 million in Fiscal 2020. The main working capital adjustments included increase in trade receivables by ₹ 394.67 million; decrease in trade payable by ₹ 12.89 million; decrease in other financial liabilities, other liabilities and provisions by ₹ 106.75 million on account of decrease in provision of leave encashment and gratuity. This was offset by an increase in other assets and financial assets of ₹ 162.00 million on account of advance given to supplier for printing of PAN cards. Cash generated from operating activities in Fiscal 2020 amounted to ₹ 1,035.87 million. Income tax paid (net) amounted to ₹ 500.77 million in Fiscal 2020.

Investing Activities

Nine months ended December 31, 2022

Net cash used in investing activities was ₹ 1,710.12 million in in the nine months ended December 31, 2022, primarily on account of purchase of non-current investments (net of interest accrued upto date of purchase) of ₹ 1,849.40 million, purchase of property, plant and equipment of ₹ 162.82 million, investment / maturities in fixed deposits (net) of ₹ 59.79 million, purchase of intangible assets including intangible assets under development of ₹ 26.35 million and purchase of current investments of ₹ 14.80 million. This was offset primarily by interest received of ₹ 250.66 million, proceeds from redemption of current investments of ₹ 136.00 million, and dividend received of ₹ 16.07 million.

Nine months ended December 31, 2021

Net cash used in investing activities was ₹ 397.22 million in in the nine months ended December 31, 2021, primarily on account of purchase of current investments of ₹ 409.47 million, investment / maturities in fixed deposits (net) of ₹ 95.57 million, purchase of property, plant and equipment of ₹ 87.56 million, movement of capital advances of ₹ 19.59 million and purchase of intangible assets including intangible assets under development of ₹ 13.31 million. This was offset primarily by interest received of ₹ 192.81 million, proceeds from redemption of current investments of ₹ 26.00 million and dividend received of ₹ 9.47 million.

Fiscal 2022

Net cash generated from investing activities was ₹ 726.20 million in Fiscal 2022, primarily on account of proceeds from sale of property, plant and equipment of ₹ 1,319.98 million, interest received of ₹ 234.73 million, liquidation of fixed deposit of ₹ 149.02 million, redemption of non-current investments of ₹ 106.00 million, and dividends received of ₹ 13.11 million. This was partially offset by purchase of non-current investments (net of interest accrued upto date of purchase) of ₹ 498.71 million, purchase of current investments of ₹ 411.90 million, purchase of property, plant and equipment of ₹ 121.08 million, movement in capital advances of ₹ 51.96 million and purchase of intangible assets including intangible assets under development of ₹ 16.86 million.

Fiscal 2021

Net cash generated from investing activities was ₹ 1,156.56 million in Fiscal 2021, primarily on account of redemption of non-current investments of ₹ 1,040.80 million, redemption of current investments of ₹ 610.00 million, interest received of ₹ 315.94 million and dividends received of ₹ 9.22 million. This was partially offset by investment / maturities in fixed deposits (net) of ₹ 326.16 million, purchase of current investments of ₹ 400.00 million and purchase of property, plant and equipment, intangible assets and advances given for purchase of capital items of ₹ 105.70 million, movement in capital advances of ₹ 28.73 million and purchase of intangible assets including intangible assets under development of ₹ 16.27 million.

Fiscal 2020

Net cash used in investing activities was ₹ 125.30 million in Fiscal 2020, primarily on account of redemption of non-current investments of ₹ 4.94 million, redemption of current investments of ₹ 250 million, interest received ₹ 240.19 million, dividends received of ₹ 16.28 million, investments in fixed deposits (net) of ₹ 88.43 million and proceeds from sale of property plant and equipment of ₹ 2.40 million. This was offset by purchase of non-current investments (net of interest accrued up to date of purchase) of ₹ 607.30 million and purchase of property, plant and equipment, intangible assets and advances given for purchase of capital items of ₹ 155.10 million, movement in capital advances of ₹ 37.82 million and purchase of intangible assets including intangible assets under development of ₹ 2.96 million.

Financing Activities

Nine months ended December 31, 2022

Net cash used in financing activities was ₹ 438.05 million in the nine months ended December 31, 2022 on account of dividend paid of ₹ 403.84 million and payment towards lease liability of ₹ 28.14 million and interest on lease liability of ₹ 7.28 million. This was offset primarily by proceeds from issue of shares by way of employee's stock options of ₹ 1.21 million.

Nine months ended December 31, 2021

Net cash used in financing activities was ₹ 357.46 million in the nine months ended December 31, 2021 on account of dividend paid of ₹ 362.40 million and payment towards lease liability of ₹ 31.28 million and interest on lease liability of ₹ 3.36 million. This was offset primarily by proceeds from issue of shares by way of employee's stock options of ₹ 39.58 million.

Fiscal 2022

Net cash used in financing activities was ₹ 336.30 million in Fiscal 2022 on account of dividend paid of ₹ 362.72 million and payment towards lease liability of ₹ 44.57 million and interest on lease liability of ₹ 4.83 million. This was offset primarily by proceeds from issue of shares by way of employee's stock options of ₹ 75.82 million.

Fiscal 2021

Net cash used in financing activities was ₹ 1,833.57 million in Fiscal 2021 on account of dividend paid of ₹ 1,804.96 million and payment towards lease liability of ₹ 59.91 million and interest on lease liability of ₹ 9.45 million. This was offset primarily by proceeds from issue of shares by way of employee's stock options of ₹ 40.75 million.

Fiscal 2020

Net cash used in financing activities was ₹ 393.21 million in Fiscal 2020 primarily on account of dividend paid of ₹ 260.00 million, dividend distribution tax of ₹ 53.49 million, payment towards lease liability of ₹ 64.29 million and interest on lease liability of ₹ 16.23 million. This was offset primarily by proceeds from issue of share by way of employee's stock options of ₹ 0.80 million.

INDEBTEDNESS

As of December 31, 2022, our total borrowings (consisting of current and non-current borrowings) was nil.

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2022, our contingent liabilities that have not been accounted for in our financial statements, were as follows:

Particulars	Amount (₹ million)
Disputed demand raised by sales tax officer for MVAT and CST[(1)]	226.32
Claims against the Group not acknowledged as debts (net)[(2)]	9.90
Demand raised by Income tax officer for Assessment Year 2016-2017[(3)]	13.63
Total	**249.85**

Notes:

4. *Demand raised by sales tax officer for MVAT and CST payable on services provided by Group. The Group has filed an appeal before the Sales Tax Tribunal and paid a deposit of ₹ 14.20 million under protest. The amounts assessed as contingent liability do not include interest that could be claimed by the authorities. As per order of the tribunal dated January 28, 2022, it has quashed and set aside the order passed by the First Appellate Authority.*
5. *MVAT payable to seller on purchase of Times Tower premises.*
6. *Demand raised by Income tax officer is on account of disallowance of deduction claimed by our Company under Section 35AC and chapter VI-A of Income tax Act, 1961 in income tax return filed for Assessment Year 2016-17 pursuant to an order dated February 10, 2022. Company has filed rectification application as well as appeal to CIT(A) against said demand.*

For further information on our contingent liabilities, see "*Restated Consolidated Financial Information*" on page 77.

Except as disclosed in the Restated Consolidated Financial Information or elsewhere in the Draft Red Herring Prospectus and this Second Addendum, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual commitments as of December 31, 2022, aggregated by type of contractual obligation:

Particulars	As of December 31, 2022			
	Payment due by period			
	Carrying Amount	Less than 1 year	1-5 years	More than 5 years
	(₹ million)			
Lease liabilities	88.70	45.60	52.65	-
Trade Payables	946.34	946.34	-	-
Other Financial Liabilities	144.69	144.69	-	-
Total	**1,179.73**	**1,136.63**	**52.65**	**-**

For further information on our capital and other commitments, see "*Restated Consolidated Financial Information*" on page 77.

CAPITAL EXPENDITURES

In Fiscal 2020, 2021 and 2022 and in the nine months ended December 31, 2021 and 2022, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) were ₹ 161.04 million, ₹ 81.90 million, ₹ 168.65 million, ₹ 96.55 million, and ₹ 189.70 million, respectively. The following table sets forth our fixed assets for the periods indicated:

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022	Nine months ended December 31, 2021	Nine months ended December 31, 2022
	(₹ million)				
Property, plant and equipment	155.10	105.70	121.08	87.56	104.26
Intangible Assets	2.96	16.27	16.86	13.31	26.35
Capital work-in-progress (net additions/transfers)	(1.20)	(34.59)	1.67	(3.52)	(11.74)
Intangible assets under development	4.18	(5.48)	32.38	(0.80)	70.30
Total	**161.04**	**81.90**	**171.99**	**96.55**	**189.70**

For further information, see "*Restated Consolidated Financial Information*" on page 77.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration to executive Directors and Key Managerial Personnel. For further information relating to our related party transactions, see "*Restated Consolidated Financial Information – Note 26: Related Party Transactions*" on page 119.

AUDITOR'S OBSERVATIONS

Qualifications

There have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors in their auditor's reports on the audited consolidated financial statements as of and for the years ended March 31, 2020, 2021 and 2022, and the nine months ended December 31, 2021 and December 31, 2022.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our management monitors and manages key financial risk relating to our operations by analysing exposures by degree and magnitude of risk. The risks include credit risk and liquidity risk. Our Board of Directors has overall responsibility for the establishment and oversight of our risk management framework. Our risk management policies are established to identify and analyse the risks faced by us, 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 our activities.

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2,022.01 million, ₹ 2,234.16 million, ₹ 1,998.44 million, ₹ 1,977.43 million and ₹ 2,107.14 million as of December 31, 2022, December 31, 2021, March 31, 2022, March 31, 2021, and March 31, 2020, respectively. Trade receivables is typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by us through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which we grant credit terms in the normal course of business.

Expected Credit Loss

We allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss, (for example, timeliness of payments and available information) and applying experienced credit judgement. Exposures to customers outstanding at the end of each reporting period are reviewed by us to determine incurred and expected credit losses, giving due regard for probable exposures on disputed dues or dues that are subject to litigation. We have not experienced significant impairment of trade receivables resulting in credit losses.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. We have no outstanding bank borrowings.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in the Draft Red Herring Prospectus or this Second Addendum, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 1 and 162, respectively.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 162 and 1, respectively. To our knowledge, except as discussed in this Second Addendum, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 1, 52 and 162 respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as set out in this Second Addendum, we have not announced and do not expect to announce in the near future any new business segments.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 1, 19 and 52, respectively, for further details on competitive conditions that we face across our various business segments.

EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES

Changes in revenue in the nine months ended December 31, 2021 and December 31, 2022 and the last three Fiscals are as described in "*– Nine months ended December 31, 2022 compared to nine months ended December 31, 2021*", "*– Fiscal 2022 compared to Fiscal 2021*" and " *– Fiscal 2021 compared with Fiscal 2020*" above on pages 181 and 186, respectively.

SEGMENT REPORTING

Our business activity primarily falls within a single business and geographical segment, i.e. information technology enabled e-governance services, and in India, accordingly, other than as disclosed in "*Restated Consolidated Financial Information – 25. Segment Reporting*" on page 119, we do not follow any other segment reporting.

SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

SEASONALITY/ CYCLICALITY OF BUSINESS

Our business is not subject to seasonality or cyclicality. For further information, see "*Industry Overview*" and "*Our Business*" on pages 19 and 52, respectively.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2022 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in this Second Addendum, there have been no significant developments after December 31, 2022 that may affect our future results of operations.

ANNEXURE I

Subsequent to the filing of DRHP, there have been the following updates to our Board, Key Managerial Personnel and Senior Management Personnel:

Changes to the Board of the Company

Appointments post filing of the DRHP

Sl. No.	Name of the Director, DIN and designation	Reason for change
1.	Shailesh Sharad Kekre **DIN:** 07679583 **Designation:** Independent Director	Appointed as Independent Director
2.	Lloyd Mathias **DIN:** 02879668 **Designation:** Independent Director	Appointed as Independent Director
3.	Mukesh Agarwal **DIN:** 03054853 **Designation:** Non-Executive Director	Re-appointed as a Director (Non-Executive)
4.	Abhaya Prasad Hota **DIN:** 02593219 **Designation:** Independent Director	Re-appointed as an Independent Director
5.	Preeti Gautam Mehta* **DIN:** 00727923 **Designation:** Additional Director (Independent)	Appointed as an additional director (Independent)
6.	Aruna Rao* **DIN:** 06986715 **Designation:** Additional Director (Independent)	Appointed as an additional director (Independent)

**Subject to regularisation in the ensuing annual general meeting/ extra ordinary general meeting*

Cessations post filing of the DRHP

Sl. No.	Name of the Director	Reason for change
1.	Nishita Nirmal Mhatre	Retired as an Independent Director
2.	Dharmishta Narendraprasad Raval	Retired as an Independent Director

Changes to the Key Managerial Personnel and Senior Managerial Personnel

KMPs

Appointments post filing of the DRHP

Sl. No.	Name of the KMP	Reason for change
1.	Sudeep Bhatia	Appointed as a Chief Financial Officer

Cessations post filing of the DRHP

Sl. No.	Name of the erstwhile KMP	Reason for change
1.	Tejas Desai	Change in role and designation from Chief Financial Officer to Executive Vice President and Group Head – Internal Audit.

SMPs

The Company has also reclassified the following individuals as Senior Management Personnel, in terms of the extant provisions of the SEBI ICDR Regulations:

Sl. No.	Name of the SMP	Designation
1.	Tejas Desai	Executive Vice President in the role of Group Head- Internal Audit of our Company
2.	Milind Mungale	Group Chief Impact Officer of the Company and its Subsidiaries
3.	Gopa Kumar T.N.	Executive Vice President (chief business officer)
4.	Dharmesh Parekh	Executive Vice President (chief information officer)
5.	Amit Sinha	Executive Vice President (group head of social security and welfare)
6.	Dattaram Sadanand Mhadgut	Senior Vice President (chief technology officer)
7.	Hiten Mehta	Senior Vice President (group head – business operations)
8.	Kapil Kapoor	Senior Vice President (chief risk and compliance officer)
9.	Ashwini Naigaonkar	Senior Vice President (head of systems architecture and delivery)
10.	Ankush Kishor Deshpande	Senior Vice President (country head (enterprise & retail sales))

Sl. No.	Name of the SMP	Designation
11.	Nitin Joshi	Vice President (national head – government relations – pension administration & distribution)
12.	Kishore D. Sudra	Vice President (head of IT infra and computer operations)
13.	Dipali Sheth	Executive Vice President (chief human resource officer)
14.	Bertram D'Souza	Executive Vice President (chief product & innovation officer)
15.	Metesh D. Bhati	Senior Vice President (chief digital officer)

In addition to the above, post filing of the DRHP, the following individuals who were identified as KMPs, have (a) retired (i) Vivek Acharya (Head – Internal Audit and Vice President); (b) resigned: (i) Devendra Tanaji Rane (Head of Innovation Lab and Vice President); and (ii) Prasenjit Mukherjee (Vice President).

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sudeep Bhatia
(Chief Financial Officer)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Suresh Kumar Sethi
(Managing Director and Chief Executive Officer)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Jayesh Waman Sule
(Whole-time Director and Chief Operating Officer)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Karan Omprakash Bhagat
(Non-Executive Director)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Mukesh Agarwal
(Non-Executive Director)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Shailesh Vishnubhai Haribhakti
(Independent Director)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Abhaya Prasad Hota
(Independent Director)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Lloyd Mathias
(Independent Director)

Place: Gurgaon

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Shailesh Sharad Kekre
(Independent Director)

Place: Bengaluru

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Preeti Gautam Mehta
(Additional Independent Director)

Place: Mumbai

Date: April 25, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Aruna Rao
(Additional Independent Director)

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, IIFL Special Opportunities Fund, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF IIFL SPECIAL OPPORTUNITIES FUND

Authorised Signatory

Name: Nidhi Ghuman

Designation: Senior Executive Vice President

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, IIFL Special Opportunities Fund – Series 2, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF IIFL SPECIAL OPPORTUNITIES FUND – SERIES 2

Authorised Signatory

Name: Nidhi Ghuman

Designation: Senior Executive Vice President

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, IIFL Special Opportunities Fund – Series 3, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF IIFL SPECIAL OPPORTUNITIES FUND – SERIES 3

Authorised Signatory

Name: Nidhi Ghuman

Designation: Senior Executive Vice President

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, IIFL Special Opportunities Fund – Series 4, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF IIFL SPECIAL OPPORTUNITIES FUND – SERIES 4

Authorised Signatory

Name: Nidhi Ghuman

Designation: Senior Executive Vice President

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, IIFL Special Opportunities Fund – Series 5, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF IIFL SPECIAL OPPORTUNITIES FUND – SERIES 5

Authorised Signatory

Name: Nidhi Ghuman

Designation: Senior Executive Vice President

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, NSE Investments Limited, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF NSE INVESTMENTS LIMITED

Authorised Signatory

Name: Ashish Krishna

Designation: Vice President, Group Investment

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, Administrator of the Specified Undertaking of the Unit Trust of India, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

Authorised Signatory

Name: Avinash Kumar

Designation: Vice President

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, HDFC Bank Limited, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF HDFC BANK LIMITED

Authorised Signatory

Name: Ashish Parthasarthy

Designation: Treasurer

Place: Mumbai

Date: April 25, 2023

Authorised Signatory

Name: Santosh Haldankar

Designation: Senior Vice President (Legal) & Company Secretary

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, Axis Bank Limited, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF AXIS BANK LIMITED

Authorised Signatory

Name: Subrat Mohanty

Designation: Group Executive

Place: Mumbai

Date: April 25, 2023

DECLARATION

We, Deutsche Bank A.G., hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF DEUTSCHE BANK A.G.*

Authorised Signatory	**Authorised Signatory**
Name: Janak Dalal	Name: Rajesh Thakur
Designation: Managing Director	Designation: Managing Director
Place: Mumbai	Place: Mumbai
Date: April 25, 2023	Date: April 25, 2023

**It is hereby clarified that the Mumbai branch office of Deutsche A.G. is the shareholder in the Company and is acting as a Selling Shareholder.*

DECLARATION

We, Punjab National Bank, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF PUNJAB NATIONAL BANK

Authorised Signatory

Name: Akhilesh Kumar Garg

Designation: General Manager

Place: New Delhi

Date: 25.04.2023

DECLARATION

We, Union Bank of India, hereby confirm that all statements and undertakings specifically made by us in this Addendum to the Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

FOR AND ON BEHALF OF UNION BANK OF INDIA

Authorised Signatory

Name: Akhilesh Kumar

Designation: Deputy General Manager

Place: Mumbai

Date: April 25, 2023