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### VIRTUAL GALAXY INFOTECH LIMITED

Our Company was originally incorporated on September 12, 1997 under the name “Virtual Galaxy Infotech Private Limited” under the provisions of the Companies Act, 1956 with the Registrar of Companies, Mumbai, Maharashtra. Subsequently, the status of the Company was changed to public limited Company and the name of our Company was changed to “Virtual Galaxy Infotech Limited” vide Special Resolution passed by the Shareholders at the Extra-Ordinary General Meeting of our Company held on September 14, 2024. The fresh certificate of incorporation consequent to conversion was issued on September 12, 2024 by the Registrar of Companies, CPC. The Corporate Identification Number of our Company is U93000MH1997PLC110645.

**Registered Office:** 3, Central Excise Colony, Behind Mahatme Eye Bank, Chhatrapati Sq., Ring Road, Nagpur, Maharashtra, India, 440015

**Tel:** +91 9226531342; **E-mail:** [investors@vgipl.in](mailto:investors@vgipl.in); **Website:** [www.vgipl.com](http://www.vgipl.com)

**Contact Person:** Ms. Anjali Vinay Padhye, Company Secretary and Compliance Officer

#### OUR PROMOTERS: MR. AVINASH NARAYANRAO SHENDE AND MR. SACHIN PURUSHOTTAM PANDE

#### ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED OCTOBER 29, 2024 NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC OFFER OF UPTO 66,60,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH (THE “EQUITY SHARES”) OF VIRTUAL GALAXY INFOTECH LIMITED (“OUR COMPANY” OR “VIRTUAL GALAXY” OR “VGIL” OR “THE ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE “ISSUE PRICE”) AGGREGATING TO ₹ [●] LAKHS (“THE ISSUE”), OF WHICH UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e., NET ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY

#### Potential investor may note the following:

- The Chapter titled “Summary of Offer Document” beginning on page 23 of the Addendum to Draft Red Herring Prospectus has been updated with additions of certain abbreviations.
- The Chapter titled “Risk Factors” beginning on page 33 of the Draft Red Herring Prospectus has been updated with shifting and modification of certain Risk Factors.
- The Chapter titled “Objects of the Issue” beginning on page 113 of the Draft Red Herring Prospectus has been updated with change in heading of Object no. 4 from “Funding of expenditure related to enhancement, maintenance and upgrading existing products” to “Funding of expenditure related to enhancement, maintenance and upgrading existing products through manpower hiring”.
- The Chapter titled “Our Business” beginning on page 156 of the Draft Red Herring Prospectus has been updated with addition of certain information.
- Chapter titled “Section VII– “Financial Information” beginning on page F-31 of the Draft Red Herring Prospectus has been updated with certain confirmations.
- Chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 221 of the Draft Red Herring Prospectus has been updated with certain modifications.
- Chapter titled “Other Regulatory and Statutory Disclosures” beginning on page 256 of the Draft Red Herring Prospectus has been updated with change in FCFE calculation.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

<b>Place:</b> Nagpur	On behalf of <b>Virtual Galaxy Infotech Limited</b>
<b>Date:</b> February 03, 2025	Sd/- <b>Avinash Narayanrao Shende</b> Chairman and Executive Director

#### BOOK RUNNING LEAD MANAGER TO THE ISSUE

#### REGISTRAR TO THE ISSUE

<b>SMART HORIZON</b> CAPITAL ADVISORS PVT. LTD.	 <b>Maashitla</b> Creating Successful People
<b>Smart Horizon Capital Advisors Private Limited</b> (Formerly Known as Shreni Capital Advisors Private Limited) B/908, Western Edge II, Kanakia Space, Behind Metro Mall, off Western Express Highway, Magathane, Borivali East, Mumbai – 400066, Maharashtra, India. <b>Tel No:</b> 022-28706822 <b>Email:</b> <a href="mailto:director@shcapl.com">director@shcapl.com</a> <b>Investors Grievance e-mail:</b> <a href="mailto:investor@shcapl.com">investor@shcapl.com</a> <b>Contact Person:</b> Mr. Parth Shah <b>Website:</b> <a href="http://www.shcapl.com">www.shcapl.com</a> <b>SEBI Registration Number:</b> INM000013183	<b>Maashitla Securities Private Limited</b> 451, Krishna Apra Business Square, Netaji Subhash Place, Pitampura, Delhi-110034, India <b>Tel No:</b> 011-4781432 <b>Email:</b> <a href="mailto:ipo@maashitla.com">ipo@maashitla.com</a> <b>Website:</b> <a href="http://www.maashitla.com">www.maashitla.com</a> <b>Investor Grievance Email Id:</b> <a href="mailto:investor.ipo@maashitla.com">investor.ipo@maashitla.com</a> <b>Contact Person:</b> Mukul Agrawal <b>SEBI Registration Number:</b> INR000004370

#### ISSUE PROGRAMME

<b>ANCHOR INVESTOR BID/ ISSUE PERIOD:</b> [●] *	<b>BID/ISSUE OPENS ON:</b> [●] *	<b>BID/ISSUE CLOSES ON:</b> [●] **
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\*Our Company may in consultation with the BRLM may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

\*\*Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBS one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION II - SUMMARY OF OFFER DOCUMENT

### SUMMARY OF RELATED PARTY TRANSACTIONS

As required under Accounting Standard 18 “Related Party Disclosures” as notified pursuant to Company (Accounting Standard) Rules 2006, following are details of transactions during the year with related parties of the company as defined in AS 18.

#### List of Related Parties where Control exists and Relationships:

Sr. No	Name of the Related Party	Relationship
1	Avinash N Shende	Executive Director & Chief Financial Officer
2	Sachin P. Pande	Managing Director
3	Anjali Padhye	Company Secretary
4	Sampada Pande	Spouse of the Director
5	Shilpa Shende	Spouse of the Director
6	Virtual Galaxy Insurance Brokers Pvt Ltd*	Subsidiary Company
7	SIP Fund Private Limited*	Subsidiary Company
8	Paynext Private Limited	Enterprises over which parties listed in have significant influence and transactions are carried out during the year:
9	Virtual Galaxy Fintech Private Limited	Enterprises over which parties listed in have significant influence and transactions are carried out during the year:
10	Sampada Infosolutions Private Limited	Enterprises over which parties listed in have significant influence and transactions are carried out during the year:

\* The disinvestments were made in Virtual Galaxy Insurance Brokers Private Limited on June 30, 2024 and SIP Fund Private Limited on February 16, 2024.

(₹ in Lakhs)

Transactions during the year:	For the Year/ Period Ended on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
<b>Salary Paid</b>				
Avinash N Shende	60.00	49.22	40.22	24.10
Sachin P. Pande	60.00	49.22	40.22	24.10
Shilpa Shende	9.00	15.24	14.40	14.15
Sampada Pande	9.00	15.24	14.40	14.15
Anjali Padhye	5.89	10.33	8.86	8.59
<b>Loan Repaid to Directors</b>				
Avinash N Shende	36.17	63.67	-	-
Sachin P. Pande	16.33	36.17	-	-
Sampada Pande	-	50.17	-	-
Shilpa Shende	-	50.17	-	-
<b>Loan Received from Directors</b>				
Avinash N Shende	-	111.88	-	-
Sachin P. Pande	-	52.50	-	-
Sampada Pande	-	36.17	-	14.00
Shilpa Shende	-	36.17	-	14.00
<b>Purchases (Revenue and Capital Purchases)</b>				
Paynext Private Limited (Capital)	201.45	-	-	-

Transactions during the year:	For the Year/ Period Ended on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Paynext Private Limited (Revenue)	122.74	287.37	434.45	50.16
Virtual Galaxy Fintech Private Limited (Capital)	-	1,423.58	-	-
Virtual Galaxy Fintech Private Limited (Revenue)	-	60.92	924.63	-
Sampada Infosolution Pvt. Ltd.	-	-	-	312.00
<b>Sales</b>				
Paynext Private Limited	-	432.30	116.78	865.28
Virtual Galaxy Fintech Private Limited	180.30	-	-	-
Sampada Info solution Pvt. Ltd	-	-	-	-
<b>Figures shown above are exclusive of GST and TDS</b>				

(₹ in Lakhs)

Outstanding Balance (Receivables)/Payable	For the Year/ Period Ended on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
<b><u>Loan Balance</u></b>				
Avinash Shende	90.04	126.21	78.00	78.00
Sachin Pande	-	16.33	-	-
Sampada Pande	-	-	14.00	14.00
Shilpa Shende	-	-	14.00	14.00
<b><u>Trade (Receivable)/Payable</u></b>				
Paynext Private Limited - Trade Payable	169.35	655.29	255.69	-
Paynext Private Limited - Trade (Receivable)	-	(145.12)	-	-
Virtual Galaxy Fintech Private Limited - Trade Payable	-	499.81	20.28	-
Virtual Galaxy Fintech Private Limited - Trade (Receivable)	(98.70)	-	-	-
Sampada Infosolutions Pvt. Ltd. Trade (Receivable)			(135.00)	-
<b><u>Other Balances</u></b>				
Sampada Infosolutions Pvt. Ltd.	-	-	-	( 135.00)
Virtual Galaxy Insurance Broker Pvt. Ltd.	-	(52.50)	-	-
SIP Fund Private Limited	-	-	(100.00)	(100.00)
Virtual Galaxy Fintech Private Limited	-	-	-	(1.40)

### SECTION III – RISK FACTORS

***1. Substantial portion of our revenues has been dependent upon our Core Banking software i.e., E-Banker. The loss of any one or more of our major clients would have a material effect on our business operations and profitability.***

A significant portion of our revenues is reliant on our Core Banking software, E-Banker. Potential loss of any major client utilizing E-Banker could have a material impact on our business operations and profitability. The loss of a significant clients would have a material effect on our financial results. Our revenue from E Banker for the period ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, amounted to ₹ 5,460.12 lakhs, ₹4,515.37 lakhs, ₹4,109.18 lakhs and ₹3,040.25 % lakhs constituting 76.25%, 73.46%, 70.26% and 71.33% respectively of our Revenue from Operations.

Following are the breakup of revenue based on our customers:

(₹ in Lakhs)

Particulars	September 30, 2024		2023-24		2022-23		2021-22	
	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%
<b>Top 5</b>	5,243.46	73.22	3,193.50	51.96	3,024.13	51.71	2,664.04	62.50
<b>Top 10</b>	6,155.50	85.96	4,438.91	72.22	3,977.99	68.01	3,407.24	79.94
<b>Top 20</b>	6,829.77	95.38	5,311.74	86.42	4,824.34	82.49	3,783.41	88.76

We cannot assure you that we can maintain the historical levels of business from these clients or that we will be able to replace these clients in case we lose any of them. Furthermore, major events affecting our clients such as bankruptcy, change of management, mergers and acquisitions could impact our business. If any of our major clients becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivable from that client would increase and may have to be written off, impacting our income and financial condition.

***6. The restated financial statements have been provided by peer reviewed chartered accountants who is not statutory auditor of our Company.***

The Restated Financial Statements have been provided by Peer Reviewed Chartered Accountants M/s K K Mankeshwar & Co., Chartered Accountants having peer reviewed certificate, who is not Statutory Auditor of our Company. The Restated Financial Statements of our Company for the period ended September 30, 2024 and for the financial years ended March 31 2024, March 31 2023 and March 31, 2022 has been provided by a Peer Reviewed Chartered Accountant who is not Statutory Auditor of our Company.

***15. There had been sudden change in the profit after tax of our Company during the Fiscal 2024 and stub period. Any further sudden changes in profit after tax of our Company or significant variation in the ratios may have material adverse effect on our business, results of operations, financial condition, cash flows and future prospects.***

On standalone basis, our Company reported a net profit of ₹1,630.19 lakhs in Fiscal 2024 as compared to a net profit of ₹179.53 lakhs in Fiscal 2023 which got increased from PAT margin to 26.52% in Fiscal 2024 from 3.07% in Fiscal 2023. Further our company reported a net profit of ₹ ₹1890.57 lakhs in the period ended September 30, 2024.

The said variation has been due to multiple factors including higher revenue from operation at increased margins and reduction in operating expenses due to increased operational efficiency during the year, capitalization of the software development expenses i.e. salaries of employees ₹638.91 lakhs as product development cost. Further In the fiscal year 2023-24, we capitalized costs related to our BoT projects and cost related to these projects in the earlier fiscal years, treating them as investments thereby reduction of cost. This strategy led to a significant increase in income and improved profit margins. For details, refer to the chapter titled “Management Discussion and Analysis of Financial Conditions and Results of Operations” on page 414. Hence, our historical business operations and financial ratios may not be considered as estimate of our future business, results of operations, financial condition or cash flows and the same may vary significantly, as has happened in the past.

## **SECTION V – PARTICULARS OF THE ISSUE**

### **OBJECTS OF THE ISSUE**

*4. Funding of expenditure related to enhancement, maintenance and upgrading existing products;” shall be read as “4. Funding of expenditure related to enhancement, maintenance and upgrading existing products through manpower hiring.*

## SECTION VI – ABOUT THE COMPANY

### OUR BUSINESS

#### OVERVIEW

The following section provides a breakdown of our revenue in terms of government and non-government sectors/ private sector:

(₹ in Lakhs)

Name of Industry	For the period ended		For the Year ended					
	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Government Sector	43.85	0.61	199.46	3.25	150.64	2.58	70.56	1.66
Other than Government Sector	7,117.03	99.39	5,946.93	96.75	5,697.68	97.42	4,191.78	98.34
<b>Total</b>	<b>7,160.88</b>	<b>100.00</b>	<b>6,146.39</b>	<b>100.00</b>	<b>5,848.40</b>	<b>100.00</b>	<b>4,262.34</b>	<b>100.00</b>

As certified by M/s RKAS & Co. chartered Accountant vide certificate dated December 18, 2024.

The following section provides a breakdown of our revenue in terms of product/solutions offered by our Company:

(₹ in Lakhs)

Type of Revenue	For the period ended		For the Year ended					
	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
E-Banker	5217.07	72.86	4210.48	68.50	3801.29	65.00	2750.95	64.54
ERP	483.11	6.75	313.66	5.10	273.21	4.67	170.09	3.99
E-Governance (ERP)	43.39	0.61	198.99	3.24	150.64	2.58	70.56	1.66
V-Pay	5.67	0.08	20.25	0.33	33.49	0.57	25.60	0.60
V Soc	237.38	3.31	284.63	4.63	274.40	4.69	263.70	6.19
E-Autopsy	0.47	0.01	0.47	0.01	0.09	0.00	0.47	0.01
V-GST	6.46	0.09	7.97	0.13	4.90	0.08	5.54	0.13
Sale of Hardware and related Services	1167.33	16.30	1109.94	18.06	1310.38	22.41	975.43	22.88
Revenue from operations	<b>7,160.88</b>	<b>100.00</b>	<b>6,146.39</b>	<b>100.00</b>	<b>5,848.40</b>	<b>100.00</b>	<b>4,262.34</b>	<b>100.00</b>

As certified by M/s RKAS & Co. chartered Accountant vide certificate dated December 18, 2024.

The list of Product/Service wise revenue has further been categorized as per the below:

(₹ in Lakhs)

Type of Revenue	For the period ended		For the Year ended					
	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
E-Banker	5217.07	95.55	4210.48	93.25	3801.29	92.51	2750.95	90.48
V-Pay	5.67	0.10	20.25	0.45	33.49	0.82	25.60	0.84
V Soc	237.38	4.35	284.63	6.30	274.40	6.68	263.70	8.67
<b>Total E-Banker</b>	<b>5460.12</b>	<b>100.00</b>	<b>4515.36</b>	<b>100.00</b>	<b>4109.18</b>	<b>100.00</b>	<b>3040.25</b>	<b>100.00</b>
ERP	483.11	98.59	313.66	97.38	273.21	98.21	170.09	96.59
E-Autopsy	0.47	0.10	0.47	0.15	0.09	0.03	0.47	0.27
V-GST	6.46	1.32	7.97	2.47	4.90	1.76	5.54	3.15
<b>Total ERP</b>	<b>490.04</b>	<b>100.00</b>	<b>322.10</b>	<b>100.00</b>	<b>278.20</b>	<b>100.00</b>	<b>176.10</b>	<b>100.00</b>

As certified by M/s RKAS & Co. chartered Accountant vide certificate dated December 10, 2024.

## OUR SOLUTIONS AND SERVICES

### DATA CENTRE SERVICES

Our Company has taken data centre facility from Yotta Data Service Private Limited and Yotta Network Service Private Limited through Master Service Agreement dated May 01, 2023 to provide data centre services to its clients. As per the said agreement, the duration of services shall remain in force as per the Service Order Form (SOF) which is 5 years.

## REVENUE BREAKUP ON OUR CUSTOMERS

Following are the breakup of revenue based on our customers, for further details please refer chapter titles “Risk Factors” on page 33:

(₹ in Lakhs)

Particulars	September 30, 2024		2023-24		2022-23		2021-22	
	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%
Top 5	5,243.46	73.22	3,193.50	51.96	3,024.13	51.71	2,664.04	62.50
Top 10	6,155.50	85.96	4,438.91	72.22	3,977.99	68.01	3,407.24	79.94
Top 20	6,829.77	95.38	5,311.74	86.42	4,824.34	82.49	3,783.41	88.76

As certified by RKAS & Co., Chartered Accountant through his certificate dated October 26, 2024.



## SECTION VII – FINANCIAL INFORMATION

### STANDALONE RESTATED FINANCIAL STATEMENTS

#### Annexure IX: Statement of Related Party and Transactions:

##### List of Related Parties where Control exists and Relationships:

Sr. No	Name of the Related Party	Relationship
1	Avinash N Shende	Executive Director & Chief Financial Officer
2	Sachin P. Pande	Managing Director
3	Anjali Padhye	Company Secretary
4	Sampada Pande	Spouse of the Director
5	Shilpa Shende	Spouse of the Director
6	Virtual Galaxy Insurance Brokers Pvt Ltd*	Subsidiary Company
7	SIP Fund Private Limited*	Subsidiary Company
8	Paynext Private Limited	Enterprises over which parties listed in have significant influence and transactions are carried out during the year:
9	Virtual Galaxy Fintech Private Limited	Enterprises over which parties listed in have significant influence and transactions are carried out during the year:
10	Sampada Infosolutions Private Limited	Enterprises over which parties listed in have significant influence and transactions are carried out during the year:

\* The disinvestments were made in Virtual Galaxy Insurance Brokers Private Limited on June 30, 2024 and SIP Fund Private Limited on February 16, 2024.

(₹ in Lakhs)

Transactions during the year:	For the Year/ Period Ended on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
<b>Salary Paid</b>				
Avinash N Shende	60.00	49.22	40.22	24.10
Sachin P. Pande	60.00	49.22	40.22	24.10
Shilpa Shende	9.00	15.24	14.40	14.15
Sampada Pande	9.00	15.24	14.40	14.15
Anjali Padhye	5.89	10.33	8.86	8.59
<b>Loan Repaid to Directors</b>				
Avinash N Shende	36.17	63.67	-	-
Sachin P. Pande	16.33	36.17	-	-
Sampada Pande	-	50.17	-	-
Shilpa Shende	-	50.17	-	-
<b>Loan Received from Directors</b>				
Avinash N Shende	-	111.88	-	-
Sachin P. Pande	-	52.50	-	-
Sampada Pande	-	36.17	-	14.00
Shilpa Shende	-	36.17	-	14.00
<b>Purchases (Revenue and Capital Purchases)</b>				
Paynext Private Limited (Capital)	201.45	-	-	-
Paynext Private Limited (Revenue)	122.74	287.37	434.45	50.16

Transactions during the year:	For the Year/ Period Ended on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Virtual Galaxy Fintech Private Limited (Capital)	-	1,423.58	-	-
Virtual Galaxy Fintech Private Limited(Revenue)	-	60.92	924.63	-
Sampada Infosolution Pvt. Ltd.	-	-	-	312.00
<b>Sales</b>				
Paynext Private Limited	-	432.30	116.78	865.28
Virtual Galaxy Fintech Private Limited	180.30	-	-	-
Sampada Info solution Pvt. Ltd	-	-	-	-
<b>Figures shown above are exclusive of GST and TDS</b>				

(₹ in Lakhs)

Outstanding Balance (Receivables)/Payable	For the Year/ Period Ended on			
	September 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
<b><u>Loan Balance</u></b>				
Avinash Shende	90.04	126.21	78.00	78.00
Sachin Pande	-	16.33	-	-
Sampada Pande	-	-	14.00	14.00
Shilpa Shende	-	-	14.00	14.00
<b><u>Trade (Receivable)/Payable</u></b>				
Paynext Private Limited - Trade Payable	169.35	655.29	255.69	-
Paynext Private Limited - Trade (Receivable)	-	(145.12)	-	-
Virtual Galaxy Fintech Private Limited - Trade Payable	-	499.81	20.28	-
Virtual Galaxy Fintech Private Limited - Trade (Receivable)	(98.70)	-	-	-
Sampada Infosolutions Pvt. Ltd.Trade (Receivable)			(135.00)	-
<b><u>Other Balances</u></b>				
Sampada Infosolutions Pvt. Ltd.	-	-	-	(135.00)
Virtual Galaxy Insurance Broker Pvt. Ltd.	-	(52.50)	-	-
SIP Fund Private Limited	-	-	(100.00)	(100.00)
Virtual Galaxy Fintech Private Limited	-	-	-	(1.40)

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### FISCAL 2024 COMPARED WITH FISCAL 2023

#### *Revenue from Operation*

Revenue from operations has shown a growth of 5.10% from ₹5,848.40 lakhs in Fiscal 2023 to ₹6,146.39 lakhs in Fiscal 2024. This is mainly due to increase in revenue in overall business segments of our Company. In the fiscal year 2023-24, company did not secure any major orders that could significantly impact our revenue growth. We have received rental income of ₹1,140.01 lakhs from executing BoT projects. The majority of our turnover was generated from orders placed in the previous fiscal year 2022-23, particularly from a one of District Central Co-operative Bank and a one of State Co-operative Bank clients, amounting to approximately ₹478.18 lakhs. Our recurring revenue for FY 2023-24 reached ₹2,221.78 lakhs, reflecting a growth rate of 5.10% compared to FY 22-23.

#### *Profit after Tax*

After accounting for taxes at applicable rates, our Company reported a net profit of ₹1,630.19 lakhs in Fiscal 2024 as compared to a net profit of ₹179.53 lakhs in Fiscal 2023 which got increased due to higher revenue from operation at increased margins and reduction in operating expenses due to increased operational efficiency during the year. The PAT margin improved to 26.52% in Fiscal 2024 from 3.07% in Fiscal 2023 is increased primarily due to the capitalization of the software development expenses i.e., salaries of employees ₹638.91 lakhs as product development cost. In summary, the company achieved significant PAT growth in Fiscal 2024, driven by higher revenue and improved profitability across its business segments.

Further In the fiscal year 2023-24, we capitalized costs related to our BoT projects and cost related to these projects in the earlier fiscal years, treating them as investments thereby reduction of cost. This strategy led to a significant increase in income and improved profit margins. Key components include:

**1. Capitalized Costs:** Treated as investments of Rs. 638.91 lakhs in terms of salaries of employees resulting in intangible asset creation for product enhancement along with enhancing financial position. This has resulted into higher profit in the FY 23-24 due to capitalization of employee cost.

**2. Profit Margin Increase:** In the fiscal year 2023-24, we capitalized costs related to our BoT projects and generated rental income of Rs. 1,140.01 lakhs. Cost related to these projects has been booked in the FY in which this order has been secured.

**3. Export Income:** Additional revenue from exports further boosted overall profitability.

**4. Overall Profitability:** Marked increase in profitability compared to the previous year, reflecting effective execution of our initiatives.

**5. Future Positioning:** This approach positions the company for sustained growth and underscores our commitment to innovation and efficient resource management along with the steady profit increase.

Overall, our financial performance demonstrates sustainable upward trend, ensuring we leverage our investments in technology effectively. We have received the software and hardware rent from the following BOT projects:

Sr. No	Particulars	Rental income (₹ in lakhs)
1.	BoT project for one of District Central Co-Op Bank	204.70
2.	BoT project for one of District Central Co-operative Bank	450.00
3.	BoT project for one of District Central Co-op Bank	266.69
4.	BoT project for one of District Central Co-op. Bank	218.62
	<b>Total rental income</b>	<b>1,140.01</b>

The revenue for these orders being rental in nature is with low cost thereby resulting in higher margin.

By the time we reached this period, the majority of the data migration and setup work had been completed, and the bank branches were fully operational. As a result, the costs associated with these projects decreased, and the recurring rent income

from the BOT model started to contribute positively to our financials. This led to a noticeable increase in our PAT margin in FY 2023-24.

Further, the value of material purchases has decreased compared to fiscal year 2022-2023 by Rs. 12.17 Crores. This reduction indicates that a significant portion of our billing was derived from service and software sales, which typically yielded higher margins. Consequently, this shift has resulted in an improved Profit after Tax (PAT) margin compared to the previous fiscal year.

## SECTION VIII – LEGAL AND OTHER INFORMATION

### OTHER REGULATORY AND STATUTORY DISCLOSURES

#### ELIGIBILITY FOR THE ISSUE

The company has positive Free cash flow to Equity (FCFE) for at least 2 out of 3 financial years preceding the application.

#### On the basis of Restated Standalone Financials

(₹ in Lakhs)

Particulars	Financial Statements For the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net Cash flow from Operations	3,279.17	816.21	1,277.23
Less- Purchase of Fixed Assets (net of sale proceeds of Fixed Assets)	(3,219.79)	(882.10)	(307.40)
Add- Net Total Borrowings (net of repayment)	52.69	319.51	2099.34
Less- Interest expense x (1-T)	(180.49)	(99.70)	(108.52)
<b>Free cash flow to Equity (FCFE)</b>	<b>(68.42)</b>	<b>153.92</b>	<b>2,960.65</b>

#### On the basis of Restated Consolidated Financials

(₹ in lakhs)

Particulars	Financial Statements For the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net Cash flow from Operations	2,840.48	936.39	1,184.59
Less- Purchase of Fixed Assets (net of sale proceeds of Fixed Assets)	(3,098.11)	(918.88)	(393.01)
Add- Net Total Borrowings (net of repayment)	(21.13)	329.34	2,079.87
Less- Interest expense x (1-T)	(180.15)	(21.91)	(4.85)
<b>Free cash flow to Equity (FCFE)</b>	<b>(458.91)</b>	<b>324.94</b>	<b>2,866.60</b>