

Est. 1984

ANNUAL REPORT

2022

Indian Origin Global Company

Allied Digital Services Limited



allied digital®

IT managed. Responsibly.



■ CLOUD NATIVE

■ CYBER SECURITY

■ SOFTWARE SOLUTIONS

■ SMART CITY SOLUTIONS

■ INFRASTRUCTURE MANAGEMENT SERVICES

■ WORKPLACE MANAGEMENT SERVICES

▲ Wholly owned subsidiaries
▲ Branches

■ Line of Business



CORPORATE INFORMATION

Board of Directors:

Mr. Nitin Shah	Chairman & Managing Director
Mr. Prakash Shah	Whole-time Director
Mr. Nehal Shah	Director
Mr. Sunil Bhatt	Director
Dr. Shrikant Parikh	Independent Director
Ms. Swanubhuti Jain	Independent Director
Mr. Milind Kamat	Independent Director
Mr. Shakti Leekha	Independent Director
Mr. Anup Mahapatra	Independent Director

Key Managerial Personnel:

Mr. Paresh Shah	Chief Executive Officer
Mr. Gopal Tiwari	Chief Financial Officer
Ms. Neha Sunil Bagla	Company Secretary & Compliance Officer

Statutory Auditors:

M/s. Shah & Taparia
B-502, Business Square,
Solitaire Corporate Park,
Chakala Junction,
Andheri Kurla Road,
Andheri East,
Mumbai - 400 093.

Internal Auditors:

M/s. S.P. Natani
505, Goyal Trade Center
Sona Cinema, Borivali East,
Mumbai - 400066

Secretarial Auditors:

M/s. Rathi & Associates
A/303 3rd Floor Prathamesh,
11/12 Senapati Bapat Marg,
Raghuvanshi Mill Compound,
Lower Parel, Mumbai - 400013.

Key Bankers:

Indian Bank
Barclays Bank

Registrar & Share Transfer Agent:

M/s Link Intime India Private Limited
C 101, 247 Park, LBS Marg,
Vikhroli West, Mumbai - 400083.

Registered office:

Premises No 13A, 13th Floor,
Earnest House, Backbay Reclamation,
NCPA Road, Block No III,
Nariman Point, Mumbai - 400 021
CIN: L72200MH1995PLC085488
Tel : 022 - 6681 6400 • Fax: 022 - 2282 2030
Email: investors@allieddigital.net
Website: www.allieddigital.net

INDEX

Corporate Overview:

Page No.

Chairman's Message	01
Management Speak	04
Awards & Accolades	09

Statutory Reports:

Notice of AGM	12
Directors' Report	31
Annexure I Form AOC 1	43
Annexure II Annual Report on Corporate Social Responsibility	45
Annexure III Secretarial Audit Report	48
Annexure IV Details of Remuneration	51
Annexure V Employee Stock Option Plan (ESOP)	53
Management Discussion & Analysis Report	59
Corporate Governance Report	67

Financial Statements:

Standalone Financial Statements

Independent Auditors Report	92
Standalone Balance Sheet	102
Standalone Statement of Profit and Loss	103
Standalone Statement of Cash Flows	104
Significant Accounting Policies and Notes to Accounts	105

Consolidated Financial Statements

Independent Auditors Report	135
Consolidated Balance Sheet	143
Consolidated Statement of Profit and Loss	144
Consolidated Statement of Cash Flows	145
Significant Accounting Policies and Notes to Accounts	146



Ladies and Gentlemen,

It gives me great pleasure to welcome you to the 28th Annual General Meeting of your Company.

Industry Outlook

The IT industry is at an inflection point due to disruptive emerging technologies. This has resulted in IT companies getting opportunities for rapid growth.

As per a survey done in 2022 by a leading Indian IT industry body, FY 2022 is a tipping point for the IT industry – the year in which the industry crossed \$200 Bn in total revenue and 5 Mn in the total workforce. It also says the focus areas will be around customer service, supply chain, and sales & marketing. end-user enterprises are emerging as technology job creators – about 30% of respondents intend to increase their technology team by over 15%. The pandemic has further disrupted the entire world. The IT industry has provided innovative solutions to overcome this disruption by giving the WFH option.

FY 2023 growth opportunities: Infrastructure and managed services, consulting; Platform BPM, data management & RPA; ER&D will see deeper penetration of the engineering Cloud. The software product segment will see a greater offtake of productivity software and cybersecurity solutions. Finally, the eCommerce industry is set to get further disrupted by the fast-growing interest around metaverse, driven by the need for more personalized experiences.

India Outlook

India's GDP for FY2022 is estimated at 9.2% as per the Government of India's Economic Survey 2021-22.

As a result of the shifts forced by the pandemic, 2021 saw the emergence of six major global megatrends that will refocus policies, strategies, and investments on a global scale, not just in 2022, but for the coming 5-to 8 years and even beyond. These trends include Global Talent Pool Transformation, Global Supply Chain Replanning, Global Big Tech Regulation, ESG-Led Business Models, Formalization of Circular Economy, Industrial Revolution 4.0

Company Outlook

As stated earlier, Allied Digital has transformed, and we had envisaged a "Disruption Driven" model since January 2020 due to rapid change in emerging technologies. In March 2020 the world was affected by the Corona Pandemic which accelerated disruption in all business models.

Our philosophy of the "Remote First" model since 2007 has helped us in a big way.

When the industry was laying off people, we hired 1000+ employees during the pandemic. We believe in the adage "Small pain and long gain" and have undergone a complete internal transformation which has put our company on the fast growth path to address the newer challenges enforced by disruption.

Our financial results in the year in question have been stellar with a 217% increase in PAT on a Y-O-Y basis and EPS is ₹ 11.66 with face value of ₹ 5 per share.

Hence, I am pleased to announce a **20% dividend** to our shareholders.

We have restructured the company's Line of Business into 6 towers namely:

1. Cloud Services	4. Infrastructure Management Services
2. Cybersecurity	5. Software Solutions
3. Smart City Solutions	6. Workplace Management Services

Cloud Services

There is a megatrend to move technology platform from on-premises to cloud and from a CAPEX model to OPEX model, in this new trend one must pay on use basis which reduces CAPEX costs, Cloud technologies are very robust and mature now hence there is a mad rush to move most business to Cloud, Cloud technologies have also changed in an unprecedented way rapidly by creating Cloud-native platform.

Cloud-native has created humongous opportunities to re-write the software to modernize their applications and this change is

inevitable and unstoppable. We have fully geared up to address these new opportunities of Cloud migration and Managed services.

Cybersecurity

Virtualization under Cloud and WFH has exposed all to cyberthreats. Threat actors are rapidly growing by creating the latest and very sophisticated attacks like ransomware to siphon off money and MSME/Large companies are also not spared. This has created big opportunities for IT companies like us to combat such threats by incorporating several measures starting from consulting audits, implementation of cybersecurity, and Managed security services from Security Operations Center (SOC). Your company is well-positioned by pre-empting this well in advance and had created SOC in 2007 and put itself ahead of its competition. There is a significant opportunity for everyone and there will be non-discretionary expenditure to avoid and combat cyberattacks. Your company is poised to have significant growth in this space with its readiness and by taking an early mover advantage.

Smart City Solutions

Allied Digital has been reckoned as a Master Systems Integrator in this country and is also considered a pioneer and market leader. The 1st Safe/Smart city was implemented in 2014/15 by making the entire Pune & PCMC cities digital. The world-class state-of-the-art Command and control center (CCC) has been implemented to monitor the entire city.

We have created the best world-class practices and capacity to address several Smart City project opportunities under Central Government initiatives of making 100 Smart Cities. We have already bagged several Smart city projects till now and are on the verge of exponential growth.

Infrastructure Management Services (IMS)

Allied Digital was inceptioned in 1984 and started supporting mainframe computers in the pre-PC era and was amongst the first 3 IT companies in India with a focus on IMS as a 3rd party support provider and created an annuity business model by signing multi-year contracts.

DNA of Allied Digital is technology, and it provides IT services which is a high-margin recurring revenue annuity business. Your company has already booked Rs.2000+ crore pure services revenue for the next 5 years across the globe. We have established NOC/SOC and a Global service delivery center in Mumbai to support companies. This is our legacy business since its inception. Currently, many large companies are consolidating their multiple service providers to a single service provider by novation of all existing contracts. We have bagged 1 very large contract in the USA to support one of the largest auto manufacturers across the globe by replacing hundreds of contractors. Similarly, we have also bagged a large multi-year contract of IMS of one of India's largest

conglomerates having 11 group companies.

Novation of several contracts has been done with Allied Digital as an IMS service provider. This trend is going to grow which will open large opportunities for your company to address this lucrative business. We have world best practices and service governance which is exemplary.

Software Solutions

Today Allied Digital can boast to have created 2 large, patented platforms "ADiTaaS" and "FinoAllied".

ADiTaaS is a homegrown comprehensive service management platform that is used globally by many customers and certified by PinkVERIFY certifying authority and is part of an elite club of 53 global PinkVERIFY certified companies.

We have created a path-breaking FinoAllied platform by developing an innovative Conversational Banking platform in the fintech vertical. This platform can get extended to insurance and other industries where transactions could be done by using conversational bots. This platform uses emerging technologies like NLP, AI/ML, Blockchain, Data Analytics, and Data Science.

We are highly excited to look out for opportunities by using these disruptive technologies with its specially trained and reskilled teams. We will be a part of Industrial Revolution 4.0 to solve complex industry problems.

We have heavily invested in a skilled workforce and are very optimistic to reap the benefits by leveraging these disruptive digital technologies.

Workplace Management Services

The pandemic has created a new normal and proved that the physical location from where you operate is no more important than it was earlier. The new norm of WFA has become the new normal.

Remote First concept which we created in 2007 has helped us to move the workforce to WFA seamlessly and our brilliant measures have also helped customers to move the workforce to WFA without any disruption. Allied Digital was amongst the first ones to understand this challenging environment during the pandemic to help address clients to work under "Zero trust", "PAC" privilege access rights, Single Sign-on (SSO) and endpoint security, etc. We believe that edge devices including Workplace management will not be owned by Cloud service providers and such business will always be taken care of by experienced companies like Allied Digital. We are very bullish about this tower and hence we have opened wholly-owned subsidiaries in the USA, Australia, Singapore, UK, Brazil, China, Ireland, and Japan.

We have a very strong belief to provide the best support since we have a direct presence. Effectively we have a direct footprint across the globe. This has created a pull model for us to be leveraged by multiple service providers.

NEW CHAMPION at World Economic Forum

Allied Digital is now recognized under the New Champions program by the **World Economic Forum (WEF)**. The New Champions program is one of the latest initiatives of the Forum where technology companies like Allied Digital can make a difference in the world in the coming years. Several white papers created by us have been published by WEF. This will help us collaborate with players globally to penetrate the wider business opportunities and increase our global visibility.

SDG and ESG

The Sustainable Development Goals (SDG) or Global Goals are a collection of 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”. The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.

Environmental, social, and corporate governance (ESG) is an approach to evaluating the extent to which a corporation works on behalf of social goals that go beyond the role of a corporation to maximize profits on behalf of the corporation's shareholders.

SDGs are global goals set out by the United Nations, whereas ESG is a rating system used by companies to measure their environmental and social credentials.

As a Global Corporate Citizen, Allied Digital has been doing several such activities and has adopted fair governance as its core value in its value pyramid of 7 layers and plays an active role in public-facing technology projects such as smart cities. Your company has been listing these activities but from this year plans to formalize and report these activities under the global ESG metrics framework. To achieve Net Zero carbon emissions, we will be conscious to control carbon emissions to achieve our corporate goals.

CSR

Your company firmly believes in its Corporate Social Responsibility and is helping the community with suitable donations and assistance towards needy causes like food, education, healthcare, religious nature, etc.

The Padma Pragna Private Trust set up in 2008, helps students from humble backgrounds get an education and offers healthcare facilities for the underprivileged. We ensure that 2% of our net profit is utilized for CSR as per government norms.

Awards and Accolades

Our progress has been appreciated and has resulted in several awards and accolades being given to your company. (See details on Page No. 9)

Outlook

The world is moving towards Digital which is reflected in our Company's name - **Allied Digital** and our genes giving us an early mover advantage for Digital Transformation. Metaverse is the exciting new phase that would help transition the world from physical to Digital. By providing various digital solutions to take care of client needs, we foresee a market leader status in the digital world.

We are thankful to all our investors for supporting our endeavours and are looking forward to continued support for our bright future.

With warm regards,

Nitin Shah

Chairman and Managing Director



Dear Investors,

The financial year 2021-22 has been a high growth trajectory year for your company as earlier. The COVID-19 pandemic impact that we saw in the previous year continued in the current year with the global economies partially re-opening. This saw a transition from work-from-home culture to a hybrid environment. The reopening of businesses has led to a huge increase in demand for IT services and solutions globally. The IT industry is now considered a growth driver for businesses across all verticals. Digital Transformation is at the forefront priority of all CIOs, CTOs, and CFOs.

The direct global presence in multiple countries has started generating revenues and we foresee a huge opportunity for additional business. Our global footprint is pivotal in making us a preferred service provider to our clients having a multi-country presence.

India's business has also seen good traction this year. In the solutions vertical we have bagged 5 new cities in the Smart/Safe City domain. We are also the selected partner for providing Operations and Maintenance support for a large Emergency Response System in India. We are constantly striving to expand our solutions offerings in the enterprise vertical by targeting sectors like BFSI, Manufacturing, and Hospitality industries. Our partner-driven business in the managed services space has

opened various new avenues for us like application support services, cloud services, and cyber security.

I am pleased to highlight a very encouraging financial performance during the previous year, the overall consolidated top line increased by 35% in comparison to the earlier year's turnover. Corresponding to that we achieved a quantum jump in EBITDA margin of ₹ 72.61 Crs as against the previous year's amount of ₹ 48.73 Crs. PBT for the year was INR 73.52 Crs with a jump of 213% as against the previous year's number. PAT for the year increased by 217% as against the previous year's achievement. Even before the exceptional income of INR 23.80 Crs, our PAT jumped by 94%.

Further to highlight, your company granted ESOPs to its deserving employees and booked the notional loss of about INR 7 Crs. The above financial numbers are after booking of such notional expenses. The overall EPS also increased considerably to INR 11.66 per equity share of Rs. 5/- each in comparison to last year's EPS of INR 3.82 per share.

In our constant endeavor to reduce the debt and optimize the finance cost, we are pleased to inform you that presently we are an almost debt-free company and could reduce overall finance costs drastically.

Considering the strong order book position, above new wins, and its recently launched conventional banking tool "FinoAllied", your company expects to have promising financial results in upcoming years.

With warm regards,

Prakash Shah
Whole-time Director



Ladies and Gentlemen,

It gives me great pleasure to welcome you to the 28th Annual General Meeting of your Company.

This year has been a one of the fantastic year where your company has achieved its best performance amid various global challenges.

Outlook

Your company is a well-established player in the IT Managed Services space and is a leading Master System Integrator in the country and globally. Digital Disruption is the way forward and your company is at the forefront with market-leading offerings. We are focusing on 6 key growth engines.

1. Infrastructure Management Services
2. Master System Integration
3. Workplace Management
4. Cloud Services
5. Cyber security
6. Software Services

This ensures our service offerings are future-proof. Our new offering in cybersecurity, "AIM 360" is fast gaining market attraction amid exploding demand for cybersecurity and governance.

Innovation, being an important pillar for growth, we have been hugely successful in developing our first conversational AI-based platform "FinoAllied." Your company got recognized for this product innovation by a major banking agency in India.

Expansion

Your company has extended its global footprint with our new offices in Japan, China and Brazil that has already started generating business, which we see as important markets for us. We are already well established across the Americas, Asia, Europe, the Middle East, and Australia.

Financials

The Operating revenue growth of the company has been stellar during the year in question and our revenue has grown to Rs.485 crores in 21-22. (35% growth on a Y-O-Y basis), with a very strong bottom line of 61 crore in year 2021 with a quantum jump of 217 % on Y-O-Y basis.

We have won large multi-year service deals from the World's leading German-based supplier of luxury cars and commercial vehicles and one of India's largest manufacturing conglomerates amongst others with annual price escalation to ensure healthy sales growth for the coming years. This stupendous performance has been also a result of keeping our operational expenses under strict control in these testing times and reducing our finance costs. We hope to achieve better results in the coming years and continue the growth path.

Dividend

Even as we focused on our employees' safety and customers' success, we drove focused action on deceleration in revenues in the hands of our stakeholders and thank them for being patient with our journey, accordingly your company has proposed its highest ever dividend of 20% on face value of INR 5/share.

New systems and portals

As your company is growing and adding more revenue, there are lot of new systems and processes being deployed to continuously better the governance. In this regards your company is moving to SAP HANA to manage and monitor day to day transactions for business continuity.

At Allied Digital we always believe in the fact that we succeed because of our employees, and they come FIRST. We have transformed our organization internally by making the employees "Future-ready" through motivation, training, and empowerment.

To enhance efficiency of the employees your company has invested in HRMS (Human Resources Management Software), which would help in managing manpower.

While industry attrition rates are in the range of more than 23-25%, we have a low attrition rate of 13 % and have added around 1000+ employees during the year in question.

CSR

Your Company has taken up various CSR Activities which includes Employee's Vaccinations & Donations.

Vaccination drive took place at Allied's offices at Mumbai, Pune & Kolkata. Vaccine Doses 1 & 2 were given to ensure all the employees and their family members were vaccinated. Your company has also donated to multiple Charitable Trust for grain distributions to various under privileged.

ESG

ESG is the acronym for Environmental, Social, and (Corporate) Governance.

This is an initiative a company adopts as a practice to support environmental issues, and social challenges as well as to monitor its ethical corporate governance. The initiative involves measurement and reporting of activities of the company to improve the environment, undertake social cause work, and ensure following ethical corporate governance practices.

ADSL has been doing several such activities and has adopted fair governance as its core value in its value pyramid of 7 layers and plays an active role in public-facing technology projects such as smart cities. Your company has been listing these activities but from this year plans to formalize and report these activities under the global ESG metrics framework.

ESG facilitates top-line growth overall, attracts talent, reduces costs, and forges a sense of trust amongst customers. Organizations with good ESG practices score higher in terms of reputation and carry less risk as sustainability is incorporated into their governance and core value.

Future RoadMap

We have delivered record growth in revenues, and profits, as well as many customer logos, have been added. Our strategic investments in AI as early adoption have become a contributor to innovation. We have won several smart city projects. Our operational planning to scale the organization has resulted in a successful outcome. Lastly, our roadmap has ensured that we are firing indeed all six cylinders of our offerings. On the HR front there are going to be massive overall changes globally in the future with remote work practices becoming more relevant, AI and people analytics, gig economy taking centre stage. To sign off, the future of HR will depend on employee experience with a clear focus on cybersecurity considering remote working.

Hybrid Work Environment

With the current scenario, knowledge workers have become accustomed to working remotely, and splitting time between the office and home is expected to become the new normal. Your company too believes that that in-person, being together, having a sense of community is super important and with the company has implemented the hybrid work environment which allows the employees to have work life balance.

SDG-Sustainable Development Goals

With the worldwide acceptance of Sustainable Development Goals, your company is driven to put sustainability at the heart of its Business Strategy. Your Company is diligently working towards attaining the following goals.

- Good Health and Well being
- Gender Equality
- Industry, Innovation and Infrastructure
- Reduce Inequality
- Sustainable Cities and Infrastructure

With warm regards,

Nehal Shah

Executive Director



Hello Investors,

The financial year 2021-22 was exceedingly better than the previous year. We have witnessed outstanding growth in revenues and have also secured a strong booked revenue contracts for next 4+ years. This year we are busy delivering new business and experiencing new growth. Our clear roadmap is a major recipe for success. The ingredients to this recipe are, namely, sharpened delivery, geographic expansion, expanding relationships, increased leadership, and continuous learning.

Our financial highlights showed sharp improvements in all key parameters, namely Revenues, EBITDA, PBT and PAT. This fantastic growth, with some vision and continued guidance from our founders and board members has motivated us for larger ambitious contracts and projects in coming years.

This year, the macro-economic factors are putting some hurdles such as inflation and resource challenges. Overall IT industry growth will continue to accelerate. We are proactively also implementing operational optimization as well as strengthening our employee relationships to ensure seamless delivery to the customer. We are augmenting our leadership to ensure that execution of large contracts is seamless. We also continue our pursuit for break-through innovations to pump new growth avenues with our investments in AI and automation technologies. Our sparkling new Smart city wins of Lucknow, Amritsar, Ludhiana, Sultanpur have added the cream on the cake.

Some of the key business highlights this year are,

- Global digital workplace transformation for a global automotive company worth up to USD 100M being delivered in 35+ countries
- Total Infrastructure managed services, IT contracts outsourcing and digital transformation for one of India's largest manufacturing conglomerate worth Rs 250+ crores

- Large cloud migration and IT services integration project for one of large healthcare services mergers in the US
- Large Application support outsourcing of one of India's leading private bank.
- New smart city projects, namely, Lucknow, Solapur, Amritsar, Sultanpur and Jalandhar
- Several Cyber-Security solutions implementation and managed security services in India
- Large end user services outsourcing for medical services organization in the USA

Some operational highlights

- Functional offices also now in Japan, China and Brazil
- Hired over 700 additional global workforce
- Nominated as "new champions" at World Economic Forum
- Pursuing ESG (Environment, Social and Governance) initiatives
- Won innovation award for FinoAllied product among other leadership awards
- Invested in new cybersecurity technology solutions to make organization more resilient.

Talking about areas of growth, we continue to see huge traction in cloud migration projects, cybersecurity, smart city as well as Artificial intelligence. Our pipeline looks very good also on enterprise managed IT services.

This year, we will continue our innovation and investments in building new center of excellence in cybersecurity, AI initiatives in FinoAllied product expansion, ADiTaaS enhancements and trainings in cloud and DevOps. We plan to expand our delivery centers to more locations in India. We are constantly building new partnerships across the globe as well. We are focused on improving our digital presence and visibility to customers, partners, vendors, investors and employees.

- Expansion to several countries such as Japan, China and Brazil apart from the US, Europe, Middle East, Singapore and Australia.
- Setting up of new large facility to scale business operations, drive innovative center of excellence, working with top recognized universities and incubating startups
- Invest into training for adopting trending technologies as well as building leadership
- Improving brand, building new face to the digital world.
- Adding new partners, building new relationships, and improving our cost of operations
- Constantly improving our corporate governance

We are an energized leadership and remain excited and committed to company's growth. We are working harder than ever to deliver enhanced digital customer experience, building transformative solutions, and taking up challenging projects to achieve new benchmarks. Continuous introspection with our feet on the ground is key today to jump to newer heights. We are embarked on a formalized ESG initiative to support a positive change to our environment and the society.

Your good wishes continue to ignite our passion, strengthen our team spirit, and fuel innovation.

With warm regards,

Paresh Shah
Chief Executive Officer