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ESCONET TECHNOLOGIES LIMITED
CIN: U62099DL2012PLC233739

Our Company was originally incorporated on March 30, 2012 as a Private Limited Company as “Esconet Technologies Private Limited” vide Registration No. 233739 under the provisions of the Companies Act, 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana. Pursuant to a special resolution passed by our shareholder in the Extra – Ordinary General Meeting held on August 09, 2023 main objects of the Company was altered and a Fresh Certificate of Incorporation was issued on August 18, 2023 by the Registrar of Companies, Delhi. Subsequently, pursuant to a special resolution passed by the Shareholders at their Extra-Ordinary General Meeting held on August 09, 2023, our Company was converted from a Private Limited Company to Public Limited Company and consequently, the name of our Company was changed to “Esconet Technologies Limited” and a Fresh Certificate of Incorporation consequent to Conversion was issued on September 21, 2023 by the Registrar of Companies, Delhi. The Corporate Identification Number of our Company is U62099DL2012PLC233739. For further details of change in name and change in Registered Office of our Company, please refer to section titled ‘Our History and Certain Other Corporate Matters’ beginning on page 149 of the Draft Red Herring Prospectus.

Registered Office: D-147 Okhla Industrial Area Phase 1, South Delhi, New Delhi, India, 110020

Tel: +91 9311881642; **E-mail:** cs@esc.co.in ; **Website:** <https://www.esc.co.in/> ;

Contact Person: Mr. Rajnish Pandey, Company Secretary and Compliance Officer;

OUR PROMOTERS: MR. SANTOSH KUMAR AGRAWAL AND MR. SUNIL KUMAR AGRAWAL AND MR. VINEET AGRAWAL

PUBLIC ISSUE OF 33,60,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (“EQUITY SHARES”) OF ESCONET TECHNOLOGIES LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY (THE “ISSUE PRICE”) AGGREGATING TO ₹ [●] LAKH (“THE ISSUE”) COMPRISING OF A FRESH ISSUE OF 33,60,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKH (THE “FRESH ISSUE”) OF WHICH 1,76,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKH 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 31,84,000 EQUITY SHARES AGGREGATING TO ₹ [●] LAKH (THE “NET ISSUE”). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 27.18% AND 25.76% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: ₹ [●] to ₹ [●] PER EQUITY SHARE OF FACE VALUE OF ₹ 10/- EACH AND THE ISSUE PRICE IS [●] TO [●] TIMES OF THE FACE VALUE AT THE LOWER PRICE BAND AND THE UPPER PRICE BAND RESPECTIVELY. BID CAN BE MADE FOR MINIMUM OF [●] EQUITY SHARES AND THE MULTIPLES OF [●] EQUITY SHARES THEREAFTER.

Potential Bidders may note the following:

a) We have categorized Mr. Vineet Agrawal as promoter of the company:

Therefore, consequently we have updated various heads such as, the cover page, definition of promoter, pre issue shareholding pattern, table of cost of acquisition, shareholding of promoters of our company, details of the promoters, promoter built-up in the RHP. The relevant extracts of the updates have been duly mentioned in this addendum.

b) The Following Changes or Updation have been incorporated under the chapter “Definitions and Abbreviations” of the Red Herring Prospectus:

- i. *Refer to page no. 5 of the DRHP, we have updated the table showing “Company Related terms” by adding a new term “Cores”, the same has been duly given in this addendum.*
- ii. *Refer to page no. 6 of the DRHP, we have added Mr. Vineet Agrawal as Promoter in the table showing “Promoters or Our Promoters”.*

c) The following changes or updation have been incorporated under the chapter “Summary of Offer Documents” of the Red Herring Prospectus:

- i. *On page no. 18 of the DRHP, we have replaced the word ‘high-end’ with word ‘high performance’ under the heading “Our Business”.*
- ii. *On page no. 20 of the DRHP, we have added Mr. Vineet Agrawal as promoter under the heading “Promoters”.*

- iii. On page no. 21 of the DRHP, we have added Mr. Vineet Agrawal as promoter in the table "Details of The Holding of The Securities of Persons Belonging to The Category "Promoter and Promoter Group" And Public Before and After the Issue.
- iv. On page no. 25 of the DRHP, we have added the Cost of Acquisition of Mr. Vineet Agrawal under the head "weighted average price at which the equity shares were acquired by each of our Promoters in last one year" and "Average Cost of Acquisition".

d) The following Changes or Updation has been made under the Chapter "Risk Factors" of the Draft Red Herring Prospectus:

- i) On page no. 28 of the DRHP, we have updated Risk Factor No 1 by inserting revised explanation for providing commitments through bank guarantee to the clients and deleting the explanation previously mentioned in DRHP.
- ii) On page no. 30 of the DRHP, we have updated Risk Factor No. 09 by adding the reason of risk of obsolescence in technology and substituting the previous explanation mentioned in DRHP.
- iii) On page no. 30 of the DRHP, we have updated Risk Factor No 11 by inserting revised explanation and inclusion of the statement "the related party transactions are in compliance with companies act, 2013, and other applicable laws".
- iv) New Risk Factor is added as Risk Factor no. 15 i.e. "We depend on third parties for the supply of raw materials and such third parties could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition"

Note: Due to addition of Risk Factor No. 15, the sequence of the risk factors in DRHP has been changed.

- v) On page no. 32 of the DRHP, we have updated Risk Factor No. 19 by adding the revenues and expenses for the F.Y 22-23 and F.Y 21-22 and substituting the previous explanation mentioned in DRHP. (Now New Risk Factor No. 20 in RHP)
- vi) On page no. 33 of the DRHP, we have updated Risk Factor No. 22 by substituting the previous explanation mentioned in DRHP. (Now New Risk Factor No. 23 in RHP)
- vii) On page no. 34 of the DRHP, we have updated Risk Factor No 26, by deleting the phrase "We will be applying for certain approvals relating to our business", as on day there are no such licenses which the company is required to take for the current business profile. (Now New Risk Factor No. 27 in RHP)
- viii) On page no. 34 of the DRHP, we have updated Risk Factor No. 28 by adding the table of cost of acquisition of the Promoters and substituting the previous explanation mentioned in DRHP. (Now New Risk Factor No. 29 in RHP)
- ix) On page no. 35 of the DRHP, we have updated Risk Factor No. 31 by adding the details of dispute arised with our customer and substituting the previous explanation mentioned in DRHP. (Now New Risk Factor No. 32 in RHP)

Note: Due to reshuffling or addition/deletion of new risk factors, the sequence of the risk factors in DRHP has been changed.

e) The following changes or updation have been incorporated under the chapter "Capital Structure" of the Red Herring Prospectus:

- i. Refer Page no. 62 of the DRHP, we have added Shareholding and percentage of Mr. Vineet Agrawal under heading "Shareholding of the Promoters of our Company". On the same page we have also updated the "Details of build-up of shareholding of the Promoters" by adding promoter build-up of Mr. Vineet Agrawal.
- ii. On Page no. 65 of the DRHP, we have updated the table "details of the holding of securities of persons belonging to the category "Promoter and Promoter Group" and public before and after the Issue by adding Mr. Vineet Agrawal in the Promoter Category. On the same page we have also added Cost of Acquisition of Mr. Vineet Agrawal under the table "The average cost of acquisition of or subscription to Equity Shares by our Promoter".
- iii. On Page no. 69 of the DRHP, we have updated the promoters lock in by adding Lock in of shares of Mr. Vineet Agrawal in the Promoters category.

f) The following changes or Updation have been incorporated under the chapter "Particulars of the Issue" of the Red Herring Prospectus:

- i. Refer to page no. 74 of the DRHP, we have updated the table showing "Detailed rationale for increase in working capital requirement" in the RHP by inserting revised rationale for increase in working capital requirement in FY 23 as compared with FY 22 and in FY 22 as compared with FY 21 and deleting the justification previously represented in DRHP. We have also inserted a separate table showing "The reason for increase in working capital requirement for project period F.Y.24" on the same page, the same has been duly given in this addendum.

- ii. Refer to page no. 77 of the DRHP, we have updated bullet point 5 of the heading "Proposed Enhancements" by removing the word "state-of-the-art", the revised paragraph is given in this addendum.

g) The following changes or Updation has been made under the chapter "Object of the Issue" of the Draft Red Herring Prospectus:

- iii. Under the heading "Projections of Investments in equipment's for enhancement of cloud and data storage services/ Orders to be placed" as appearing on page no. 79 of the DRHP, we have added one column showing as amount of quotations other than of Esconet's Quotation in the quotations table.

h) The Following Changes or Updation have been incorporated under the "SECTION-VIII-ABOUT US" of the Red Herring Prospectus:

- i) On page no. 108 of the DRHP, we have replaced the word 'High end' with word 'High Performance' under the heading "Our Business"
- ii) On page no. 109 of the DRHP, we have removed the word "state-of-the-art" under the heading "About Hexadata". The revised paragraph is given in this addendum.
- iii) On page no. 113 of the DRHP, we have removed the word "state-of-the-art" under sub heading "Super Computers" under heading "Descriptions of the Products we provide". The revised paragraph is given in this addendum.
- iv) On page no. 124 of the DRHP, we have removed the word "state-of-the-art" in sub heading of "Key feature of our Backup Solutions" Point b under 2nd heading "On the basis of Data Storage and Management". The revised paragraph is given in this addendum.
- v) On page no. 126 of the DRHP, under the heading "Our Services and the Solutions we provide", we have added one table as "Services covered under Private Cloud and Public Cloud Services"
- vi) On page no. 126 of the DRHP, we have removed the word "state-of-the-art" under the heading "Our Technology Partners". The revised paragraph is given in this addendum.
- vii) On page no. 127 of the DRHP, we have removed the word "state-of-the-art" from the Profile of Mr. Mayank Malik under the heading "Talent Behind Esconet's Success". The revised paragraph is given in this addendum.
- viii) On page no. 128 of the DRHP, we have updated the table showing "Data Centres" in the RHP by inserting revised explanation of Data Centres" and deleting the previous explanation mentioned in DRHP, the same has been duly given in this addendum.
- ix) On page no. 134 of the DRHP, we have added Revenue bifurcation of Stub period for "Government and Non- Government.
- x) On page no. 138 of the DRHP, we have added one table showing "revenue bifurcation for both the segment of services provided by the company" under revenue bifurcation heading.
- xi) On page no. 140 of the DRHP, new tables are added as "PROCESS OF PROCURING THE RAW MATERIAL", "PROCESS OF ACQUISITION OF BUSINESS FROM CLIENTS IN PRIVATE SECTOR" AND "BIDDING PROCESS IN PSU SECTOR COMPANIES"
- xii) On page no. 149 of the DRHP, under table of 'Our History and Certain Other Corporate Matters' we have inserted in first paragraph 'takeover of M/s Electro Sales Corporations, a Partnership Firm, by Esconet Technologies'. The same has been duly given in this addendum.
- xiii) On page no. 149 of the DRHP, we have replaced the word 'High end' with word 'High Performance' under the head "Details of Business of our Company".
- xiv) Refer page no. 171 of the DRHP, we have added Mr. Vineet Agrawal as Individual promoter under the heading "Our Individual Promoter" and "Details of our Individual Promoter".
- xv) On page no. 172 of the DRHP, we have added Individual Promoter Group and Companies, Limited Liability Partnership firms, Partnership Firm and Hindu Undivided Family (HUF) forming part of our Promoter Group of "Mr. Vineet Agrawal".
- xvi) On Page no. 173 of the DRHP, we have added Mr. Vineet Agrawal under the heading "Interest in the promotion of Our Company"

i) The following changes or updation has been made under the chapter "Government and Other Approval" of the Draft Red Herring Prospectus:

- i. We have deleted the row no.9 under the heading of "REGISTRATION AND APPROVALS UNDER STATUTORY AND REGULATORY ACT (S)" which is written as "Skyline Financial Services" and its registration number. Henceforth, we have deleted the same from the page no. 276 of the DRHP.

j) The following changes or updation has been made under the chapter "Financial Statements" of the Draft Red Herring Prospectus:

- i) One page no. 255 of the DRHP, we have replaced the word 'High end' with word 'High Performance' under the head "Business Overview"
- ii) On page no. 260 and 261 of the DRHP, in "Management Discussion and Analysis" we have updated explanation of 'Reason for Increase in Total Income' and 'Reason for increase in PAT'. The same has been duly given in this addendum.

There may be additional changes in the relevant pages of the RHP, in order to incorporate the above stated changes.

The information in this Addendum supplements and updates the information in the Draft Red Herring Prospectus, as applicable, and the aforementioned changes are to be read in conjunction with the Draft Red Herring Prospectus. Accordingly, appropriate references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. Unless further updated, the changes pursuant to this Addendum, including the consequent changes to the relevant portions of the sections "Cover Page", "Definition and Abbreviations", "Summary of Offer Documents" "Risk Factors", "Capital Structure", "Object of the Issue", "Our Business", "Outstanding Litigations And Material Developments" and "Financial Statements" beginning on pages cover page, 05, 18, 27, 59, 72, 108, 2 and 178 respectively, of the Draft Red Herring Prospectus, as a result of the abovementioned changes, there will be suitable updating in the Red Herring Prospectus and the Prospectus, as and when they are filed with the RoC, the SEBI and the Stock Exchange. Investors should not rely on the Draft Red Herring Prospectus or this Addendum for any investment decision and should read the Red Herring Prospectus, as and when it is filed with the RoC, the SEBI and the Stock Exchange before making an investment decision with respect to 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 "U.S. 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 U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in the Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs". The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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.

Place: New Delhi
Dated: 08.02.2024

For and on behalf of Esconet Technologies Limited

Sd/-
Mr. Rajnish Pandey
Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 Corporate Capital Ventures CORPORATE CAPITALVENTURES PRIVATE LIMITED B1/E13, First Floor, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044, Tel: +91-11-41824066; Email: smeipo@ccvindia.com Investor Grievances Email Id- investor@ccvindia.com Website: www.ccvindia.com SEBI Registration: INM000012276 Contact Person: Mrs. Harpreet Parashar	 SKYLINE FINANCIAL SERVICES PRIVATE LIMITED D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi- 110020 Tel No.: +91- 11-40450193-197; Fax No.: +91-11-26812683 E-mail: ipo@skylinerta.com Investor Grievances Email id- grievances@skylinerta.com Website: http://www.skylinerta.com/ SEBI Registration No.: INR000003241 Contact Person: Mr. Anuj Rana
ISSUE PROGRAMME	
ISSUE OPENS ON: [●]	ISSUE CLOSES ON: [●]

Our Company may, in consultation with the Book Running Lead Manager, 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.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Promoters or Our Promoters	Mr. Santosh Kumar Agrawal, Mr. Sunil Kumar Agrawal and Mr. Vineet Agrawal.
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Industry Related Terms

Term	Description
Core	A core, or CPU core, is the "brain" of a CPU (central processing unit). It receives instructions and performs calculations or operations to satisfy those instructions. A CPU can have multiple cores. Each CPU core can perform operations separately from the others. Multiple cores may also work together to perform parallel operations on a shared set of data in the CPU's memory cache.

SECTION II- SUMMARY OF OFFER DOCUMENT

A. SUMMARY OF OUR BUSINESS OVERVIEW

OUR BUSINESS

Esconet Technologies Private Limited, founded in 2012, is engaged in the business of meeting a wide range of IT requirements such as high-performance supercomputing solutions, data centre facilities, encompassing storage servers, network security, virtualization, and data protection. Our comprehensive solutions cater to the needs of SMEs, large enterprises, and public sector clients. Furthermore, Esconet extend its capabilities into the cloud services domain through its wholly owned subsidiary, ZeaCloud Services, ensuring that our clients have access to cutting-edge technology and a seamless IT infrastructure experience.

Throughout this journey, Esconet has garnered not only experience but also the pool of clientele base of private and public sector organizations mentioned below. This positive evolution showcases our commitment to excellence, innovation, and comprehensive client support. As a trusted partner, we are delivering not just solutions, but tailored strategies that empower our clients to thrive in the rapidly evolving landscape of technology.

- Ministry of Defence
- National Informatics Centre-MeitY
- National Informatics Centre Services Inc. – MeitY
- Indian Institute of Technology
- Indraprastha Institute of Technology Limited
- Bharat Electronics Limited
- Oil & Natural Gas Commission Limited
- Engineers India Limited
- Hindustan National Glass & Industries Limited etc.

Recognizing the demand in the Indian market, Esconet introduced its brand, HexaData, specializing in high-performance Servers, Workstations, and storage systems. Additionally, Esconet's strategic collaboration with NVIDIA has resulted our growth in the Artificial Intelligence (AI) and Machine Learning (ML) domain, enhancing our servers and workstations.

B. PROMOTER

The promoters of our Company are Mr. Santosh Kumar Agrawal, Mr. Sunil Kumar Agrawal and Mr. Vineet Agrawal.

E. DETAILS OF THE HOLDING OF THE SECURITIES OF PERSONS BELONGING TO THE CATEGORY “PROMOTER AND PROMOTER GROUP” AND PUBLIC BEFORE AND AFTER THE ISSUE

S. No.	Name of shareholder	Pre issue		Post issue	
		No. of equity Shares	As a % of Issued Capital	No. of equity Shares	As a % of Issued Capital
Promoters					
1.	Santosh Kumar Agrawal	42,36,100	47.07	42,36,100	34.27
2.	Sunil Kumar Agrawal	31,00,823	34.45	31,00,823	25.10
3.	Vineet Agrawal	88,473	0.98	88,473	0.72
Total – A		74,25,396	82.50	74,25,396	60.09
Promoter Group					
4.	Anil Kumar Agrawal	2,75,000	3.06	2,75,000	2.22

5.	Abha Agrawal	1,76,000	1.96	1,76,000	1.42
6.	Savitri Devi	1,10,000	1.22	1,10,000	0.89
7.	Pooja Gupta	30,000	0.33	30,000	0.24
8.	Monita Agrawal	6,500	0.07	6,500	0.05
9.	Shubhangi Agrawal	3,300	0.04	3,300	0.03
Total – B		6,00,800	6.68	6,00,800	4.85
Public					
10.	Existing Shareholders	9,73,804	10.82	9,73,804	7.88
11.	IPO	-	-	33,60,000	27.18
Total-C		9,73,804	10.82	43,33,804	35.06
Grand Total (A+B+C)		90,00,000	100.00	1,23,60,000	100.00

M. WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY EACH OF OUR PROMOTER IN LAST ONE YEAR

Name of the Promoter	No. of Shares held*	Average cost of Acquisition (in ₹)
Mr. Santosh Kumar Agrawal	38,51,000	0.00
Mr. Sunil Kumar Agrawal	28,19,823	0.10
Mr. Vineet Agrawal	88,473	29.18

* Only the shares acquired are considered, acquired through Swap of Shares and Bonus Issue.

N. AVERAGE COST OF ACQUISITION

The average cost of acquisition per Equity Share to our Promoters as at the date of this Draft Red Herring Prospectus is:

Name of the Promoter	No. of Shares held*	Average cost of Acquisition (in ₹)
Mr. Santosh Kumar Agrawal	42,36,100	0.91
Mr. Sunil Kumar Agrawal	31,00,823	0.99
Mr. Vineet Agrawal	88,473	29.18

* Only the shares acquired are considered.

SECTION III- RISK FACTORS

- 1. Our Company has given commitments of ₹ 260.53 Lakhs on September 30, 2023 in respect to the assignments undertaken from the clients. We cannot assure that there will be no default on our part in the future.**

Our Company is registered on the Government e-Marketplace portal and actively engages in diverse tender processes, all of which requires a specified percentage of the contract value to be provided either as a Performance Bank Guarantee (PBG) or as Earnest Money Deposit (EMD) to ensure the commitment to contract completion. The company predominantly selects Performance Bank Guarantee in tender submissions due to the established limit sanctioned by company's banking partners for issuing bank guarantees. As per the Restated standalone audited financial statement as on September 30, 2023, the company has provided commitments through bank guarantee to our clients for a sum of ₹ 260.53 lakhs in respect to the assignments taken by the company.

This would mean that the company would have to pay off the compensation, which would impact company's cash flows and financial position.

If any default commits by our company, it may affect its business. Additionally, this could lead to a deterioration in company's relationship with the banks extending the loan to the company, making it harder for our company to secure loans in the future. This could, in turn, impact company's ability to raise capital and grow company's business in the long run.

- 9. We are engaged in industry of Information Technology which is the fastest evolving industry in the world, (risk of obsolescence in current technology).**

We operate in an environment characterized by rapid technological evolution. The constant innovation and advancement within the IT sector bring about a pervasive risk of obsolescence in the technology. This is particularly evident in the realm of servers, where the pace of development is exceptionally high. As newer and more efficient server technologies emerge, the risk of existing systems becoming obsolete becomes a critical consideration. Staying abreast of the latest developments, regularly upgrading server infrastructure, and embracing cutting-edge technologies are imperative strategies to mitigate the risk of obsolescence and ensure our continued relevance and competitiveness in this ever-evolving IT landscape.

- 11. Our Company has in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations.**

As on September 30, 2023, we have entered into related party transactions with our Promoter, Directors and Group Companies. Whilst these related party transactions have been disclosed in our Financial Statements as per AS-18, and we believe that all such transactions have been conducted on an arms-length basis and all the related party transactions are in compliance with Companies Act, 2013, and other applicable laws, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. For further details kindly refer to the chapter titled 'Financial Statements' beginning on page 232 of the DRHP.

- 15. We depend on third parties for the supply of raw materials and such third parties could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition**

Our top five suppliers are responsible for a significant portion of our purchases, contributing approximately 53.15 %, 50.40% and 62.70% of our purchases of raw material for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively. We have not entered into long terms agreements with our suppliers; therefore, the success of our business is accordingly significantly dependent on us maintaining good relationships with our suppliers. Raw materials prices are normally based on the quotes we receive from various suppliers. Non-availability or inadequate quantity of raw material or use of substandard quality of the raw materials in the manufacturing of our products, could have a material adverse effect on our business. Further, any discontinuation or a failure of these suppliers to adhere to the delivery schedule or failure to deliver the required quality and quantity could hamper our manufacturing schedule.

The list of suppliers in the given below of the last three F.Y. :-

F.Y. 2022-23			
Sr No.	Name	Amount	% to Total*
1.	Ingram Micro India Pvt Ltd.	2,055.49	27.01%
2.	Rashi Peripherals Ltd.	697.61	9.17%
3.	Redington India Ltd.	559.39	7.35%
4.	Tech Data Advance Solutions (India) Pvt Ltd.	455.01	5.98%
5.	WPG C&C Computers & Peripherals India Pvt Ltd.	277.02	3.64%
	Total	4,044.52	53.15%

*The % is derived from the Total Purchases done by the Company in the Financial Year 22-23 i.e. ₹ 7,610.30 Lakhs

F.Y. 2021-22			
Sr No.	Name	Amount	% to Total*
1.	Tech Data Advance Solutions (India) Pvt Ltd.	1081.31	19.14%
2.	Ingram Micro India Pvt Ltd.	831.65	14.72%
3.	Rashi Peripherals Ltd.	368.2	6.52%
4.	WPG C&C Computers & Peripherals India Pvt Ltd.	353.9	6.26%
5.	World Peace International Pvt Ltd.	212.6	3.76%
	Total	1766.35	50.40%

*The % is derived from the Total Purchases done by the Company in the Financial Year 21-22 i.e. ₹ 5,649.44 Lakhs

F.Y. 2020-21			
Sr No.	Name	Amount	% to Total*
1.	Ingram Micro India Pvt Ltd.	910.77	23.98%
2.	Redington India Ltd.	545.93	14.37%
3.	Tech Data Advance Solutions (India) Pvt Ltd.	499.5	13.15%
4.	WPG C&C Computers & Peripherals India Pvt Ltd.	309.42	8.15%
5.	World Peace International Pvt Ltd.	115.87	3.05%
	Total	2,381.49	62.70%

*The % is derived from the Total Purchases done by the Company in the Financial Year 20-21 i.e. ₹ 3,798.72 Lakh

20. Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.

The revenue and expenses of our company in the F.Y 22-23 were ₹ 9,465.96 Lakh and ₹ 9,051.94 Lakh , ₹ 6,856.29 Lakh and ₹ 6,799.20 Lakh in the F.Y 21-22 & ₹ 4,411.89 Lakh and ₹ 4,525.18 Lakh in the F.Y 20-21. The variability in our revenues and expenses may pose a challenge in accurately predicting and forecasting our financial performance from one period to another. Several External risk factors contribute to this unpredictability, including market dynamics, economic conditions, and the inherent volatility within our industry. Fluctuations in customer demand, competitive pressures, and external factors beyond our control further contribute to the uncertainty in our financial outcomes.

As a result, our financial results may exhibit significant variations, making it challenging for investors and stakeholders to anticipate our performance accurately. This unpredictability introduces a level of risk and can potentially impact investor confidence, leading to fluctuations in our share price. Investors often seek stability and predictability in financial performance, and the inherent uncertainty surrounding our revenues and expenses may create a perception of risk, influencing market sentiment and potentially causing declines in our share price. It underscores the importance of transparent communication, strategic risk management, and adaptability in navigating the dynamic landscape of our business environment.

23. Disruption of operations at our software development facilities may adversely affect our business, financial condition and results of operations.

Our software development operations are susceptible to various operational risks that have the potential to disrupt our business and impact our financial performance. These risks encompass a range of factors, including equipment breakdowns, power supply failures, process malfunctions, technology obsolescence, labour disputes, natural disasters, and the outbreak of fires. While historical data indicates that we have not encountered such issues in the past, it is crucial to acknowledge that these risks are inherent and may materialize in the future.

A breakdown or failure of equipment, disruptions in power supply, or technological obsolescence could impede our ability to deliver software solutions efficiently. Labor disputes may arise, leading to workforce interruptions that could affect project timelines. Additionally, the threat of natural disasters and the potential outbreak of fires pose challenges to the continuity of our software development facilities.

Despite our ongoing efforts to implement precautionary measures and robust contingency plans, the occurrence of any of these operational risks could have a significant adverse impact on our business, financial condition, and results of operations. We remain committed to minimizing these risks, but it is imperative to recognize the inherent uncertainties associated with external factors that could disrupt our operations. As we navigate these potential challenges, our focus remains on maintaining the resilience of our software development facilities to safeguard against any operational disruptions.

27. Our business requires us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities and the failure to obtain and renew them in a timely manner may adversely affect our business operations.

Our business operations require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal. If we fail to maintain such registrations and licenses or comply with applicable conditions, or a regulatory authority claims we have not complied, with these conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition, and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required in our business and the licenses and approvals applied for, please refer “Government and Other Approvals” on page 274 of this Draft Red Herring Prospectus, respectively.

29. The average cost of acquisition of Equity Shares by our Promoters could be lower than the issue price

Our Promoters’ average cost of acquisition of Equity Shares in our Company is lower than the Issue Price of the shares proposed to be offered through this Draft Red Herring Prospectus. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company, please refer the below mentioned table:

Name of the Promoter	No. of Shares held*	Average cost of Acquisition (in ₹)
Mr. Santosh Kumar Agrawal	42,36,100	0.91
Mr. Sunil Kumar Agrawal	31,00,823	0.99
Mr. Vineet Agrawal	88,473	29.18

32. Any customer dispute regarding our performance or workmanship may amount in delay or withholding of payment to us.

Our company is involved in the M/S Esconet Technologies Pvt Ltd v. M/S Unbox Data Centers Pvt Ltd Case No. CT 750/2019, Chief Metropolitan Magistrate, South-East, Saket. In this case, goods were supplied, but the clients refused to pay. As a result, we filed a petition to recover the money under the Negotiable Instrument Act, 1881. For further information about the case, kindly refer page 267 of the DRHP.

In addition, our company offers our clients auxiliary services in addition to IT enabled services based on their needs. However, there aren't any pertaining to disputes in relation with customers. It is possible that in the future, our services won't meet the needs of our clients. This could cause them to be dissatisfaction and have other negative effects, such as a dispute about our performance or workmanship from the client, which could affect our business.

SECTION VI - CAPITAL STRUCTURE

3. Shareholding of the Promoters of our Company

As on the date of this Draft Red Herring Prospectus, our Promoters Mr. Santosh Kumar Agrawal, Mr. Sunil Kumar Agrawal and Mr. Vineet Agrawal holds total 42,36,100, 31,00,823 and 88,473 Equity Shares respectively representing 47.07%, 34.45% and 0.98% of the pre-issue paid up share capital of our Company.

Details of build-up of shareholding of the Promoters-

Date of Allotment / acquisition / transaction and when made fully paid up	Nature (Allotment/ transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue/ Transfer price per Equity Share (in ₹)	Consideration (cash/ other than cash)	Name of Transferor / Transferee
Mr. Santosh Kumar Agrawal						
Subscription to MOA	Allotment	15,000	10	10	Cash	N.A.
April 01, 2012	Preferential Issue	3,70,000	10	10	Other than Cash	N.A.
February 10, 2020	Transfer	100	10	10	Cash	Shilpi Kedia
November 30, 2023	Bonus Issue	38,51,000	10	Nil	Other than Cash	N.A.
Total		42,36,100				
Mr. Sunil Kumar Agrawal						
Subscription to MOA	Allotment	1,000	10	10	Cash	N.A.
April 01, 2012	Preferential Issue	2,80,000	10	10	Other than Cash	N.A.
September 05, 2023	Private Placement	893	10	321	Other than Cash	N.A.
November 30, 2023	Bonus Issue	28,18,893	10	Nil	Other than Cash	N.A.
Total		31,00,823				
Mr. Vineet Agrawal						
September 05, 2023	Private Placement	8,043	10	321	Other than Cash	N.A.
November 30, 2023	Bonus Issue	80,430	10	Nil	Other than Cash	N.A.
Total		88,473				

Note – All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

6. Following are the details of the holding of securities of persons belonging to the category “Promoter and Promoter Group” and public before and after the Issue:

S. No.	Name of shareholder	Pre issue		Post issue	
		No. of equity Shares	As a % of Issued Capital	No. of equity Shares	As a % of Issued Capital
Promoters					
1	Santosh Kumar Agrawal	42,36,100	47.07%	42,36,100	34.27%
2	Sunil Kumar Agrawal	31,00,823	34.45%	31,00,823	25.09%
3.	Vineet Agrawal	88,473	0.98%	88,473	0.72%
Total – A		74,25,396	82.50%	74,25,396	60.09%
Promoter Group					
4.	Anil Kumar Agrawal	2,75,000	3.06%	2,75,000	2.22%
5.	Abha Agrawal	1,76,000	1.96%	1,76,000	1.42%
6.	Savitri Devi	1,10,000	1.22%	1,10,000	0.89%
7.	Pooja Gupta	30,000	0.33%	30,000	0.24%
8.	Monita Agrawal	6,500	0.07%	6,500	0.05%

9.	Shubhangi Agrawal	3,300	0.04%	3,300	0.03%
Total – B		6,00,800	6.68%	6,00,800	4.85%
Public					
10.	Existing Shareholders	9,73,804	10.82%	9,73,804	7.88%
11.	IPO	-	-	33,60,000	27.18%
Total-C		9,73,804	10.82%	43,33,804	35.06%
Grand Total (A+B+C)		90,00,000	100.00%	1,23,60,000	100.00%

7. The average cost of acquisition of or subscription to Equity Shares by our Promoter is set forth in the table below:

Name of the Promoter and Promoter Group	No. of Shares held*	Average cost of Acquisition (in ₹)
Santosh Kumar Agrawal	42,36,100	0.91
Sunil Kumar Agrawal	31,00,823	0.99
Vineet Agrawal	88,473	29.18

*Only the shares acquired are considered.

Equity Shares locked-in for one year

The details of Lock-in Period of existing pre- IPO capital of Promoter, Promoter Group or Public are as follows:

Sr. No.	Category	No. of Shares	Lock-in Period
1.	Promoter	49,53,396	1 Year
2.	Promoter Group	6,00,800	1 Year
3.	Public	9,73,804	1 Year
	Total	65,28,000	

Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories.

SECTION VII-OBJECT OF THE ISSUE

ON PAGE NO. 74 OF THE DRHP UNDER HEADING “DETAILED RATIONALE FOR INCREASE IN WORKING CAPITAL REQUIREMENT”

Detailed rationale for increase in working capital requirement

The reason for significant increase in working capital gap for Projected Period.

One of the primary components which leads to the increase in working capital in projected period is ‘Inventory’. The company shows good growth in their business historically and continue to expect higher growth in the coming period. As business expands, it needs to stock up higher inventory to meet more demand. Further, the Receivables have also increased marginally in FY24 as company is in expansion stage and expected to offer slightly extended payment terms to customers which leads to increase in overall working capital requirement.

This overall increase in working capital is considered minimal and falls within the ordinary course of the company's business operations.

As of December 31, 2023, the company has successfully attained a turnover of approximately Rs. 9,310.00 Lakhs (unaudited figures). Presently, the company have orders amounting to Rs. 1,168.26 Lakhs in hand, all of which are expected to be fulfilled within the current year. The details of the projects which are to be the source of revenue generation for the company are furnished below:

S. No.	Name	Amount in Lakhs
1.	National Informatics Centre (NIC) (Ministry of Electronics and Information Technology)	490.00
2.	National Informatics Centre Services Incorporated (NICS) (Ministry of Electronics and Information Technology)	665.00
3.	Indian Institute of Technology Jodhpur	13.26
	Total	1168.26

The reasons for increase in working capital requirement in FY 23 as compared with FY 22

One of the main reasons for increase in working capital was is increase in sales volume. It increased from ₹ 6,856.29 Lakhs in the F.Y 21-22 to ₹ 9,465.96 Lakhs in the F.Y 22-23. This amounts to an increase of around 38% from previous year. This increase had led to need of a higher level of inventory to be maintained to meet the higher anticipated demand due to this stock in trade has increased from ₹ 585.51 Lakhs in the F.Y 21-22 to ₹ 856.96 Lakhs in the F.Y 22-23. This substantial increase of around 46.36% had led to result in blocking of working capital in stock thereby increasing the working capital requirement. This year share of governmental revenue has increased from 20.58% to 35.75%, Majority of these projects are procured from Government E-market place, and one of the conditions for these projects in need of PBG (Performance Bank guarantee) Of EMD (Earnest money Deposits) this commitment has to be given in the form of Bank Fixed deposits, which has led to blocking of working capital in these deposits & EMD increasing the need of working capital.

The reasons for increase in working capital requirement in FY 22 as compared with FY 21

The increase in demand for servers possibly driven by client requirements to enhance data storage, host critical applications, support website hosting, enable seamless collaboration, and implement essential security measures and authentication protocols, has notably contributed to the substantial increase in our company's sales volume. The rationale for increase in revenue in FY22 from FY21 is multifaceted:

- COVID:** The company revenue was badly hit in FY21 due to COVID as the global pandemic disrupted the market, affecting business across various industries, including ours. However, one thing to note here is that this was the temporary downturn in our revenue during this period. After FY21, the company has successfully rebounded in FY22 and have not only recovered from the setbacks experienced in the previous fiscal year but have also achieved the significant revenue growth.

2. **Competitive Pricing:** Another factor for increase in revenue in FY22 was due to competitive pricing of our company as compared to other players in the market due to which company was able to attract a larger share in the market.
3. **Increase in Government Orders by Government Entities:** From FY 21 to FY 22 there was a jump in government orders by the government entities which has increased the overall revenue in FY22. For instance, the Revenue generated from National Informatics Centre Services INC was increased from Rs. 262.26 Lakh in F.Y 21 to Rs. 387.12 Lakh in F.Y 22 and the revenue generated from Indian Oil Corporation Ltd. was increased from Rs. 132.30 Lakh in F.Y 22 to Rs. 216.86 Lakh in F.Y 20-21 and the revenue generated from Engineers India Limited was increased from Rs. Nil in F.Y 20-21 to Rs. 158.06 Lakh in the F.Y 21-22.

There was an increase in the revenue generated from top 10 customers for the F.Y 20-21 to F.Y 21-22 from Rs. 2,073.64 Lakh to Rs. 3,475.05 Lakh in proportionate to the total revenue generated in F.Y 20-21 from Rs. 4,411.89 Lakh to Rs. 6,856.29 Lakh in the F.Y 21-22, the details of which are mentioned below:

(Amount in Lakh)

F.Y. 2021-22			
Sr No.	Name	Amount	% to Total*
1.	DA Tech Systems LLP	677.56	9.88%
2.	ANG India Ltd.	675.73	9.86%
3.	National Informatics Centre	480.75	7.01%
4.	National Informatics Centre Services INC	387.12	5.65%
5.	Dhani Loans & Services Ltd.	379.65	5.54%
6.	Indian Oil Corporation Ltd.	216.86	3.16%
7.	Shree Guru Gobind Singh Tricentary University	190.29	2.78%
8.	Engineers India Ltd.	158.06	2.31%
9.	PRO X Infotech Pvt. Ltd.	158.02	2.30%
10.	Merino Consulting Services Ltd.	151.01	2.20%
	Total	3475.05	50.68%

*The % is derived from the Revenue generated from operations by the Company in the Financial Year 21-22 i.e., ₹ 6,856.29 Lakh.

(Amount in Lakh)

F.Y. 2020-21			
Sr No.	Name	Amount	% to Total*
1.	National Informatics Centre	643.56	14.59%
2.	National Informatics Centre Services INC	262.26	5.94%
3.	ISC Softwares Pvt Ltd.	236.45	5.36%
4.	SMS India Private Ltd.	165.15	3.74%
5.	ANG India Ltd.	144.63	3.28%
6.	Fortune Marketing Pvt Ltd.	137.32	3.11%
7.	Merino Services Ltd.	133.84	3.03%
8.	Indian Oil Corporation Ltd.	132.30	3.00%
9.	Hughes Systique Pvt Ltd	111.13	2.52%
10.	Comprint Computers	107.01	2.43%
	Total	2073.64	47.00%

*The % is derived from the Revenue generated from operations by the Company in the Financial Year 20-21 i.e., ₹ 4,411.89 Lakh.

ON PAGE NO. 77 OF THE DRHP UNDER HEADING “PROPOSED ENHANCEMENTS”

- **Managed Power Distribution Units:** Our Company will implement managed Power Distribution Units (PDUs) to facilitate remote power management and enable precise customer billing. This strategic deployment not only enhances operational efficiency by allowing seamless remote power control but also ensures accurate and transparent billing for

our valued customers. It reflects our commitment to leveraging cutting-edge technology for superior service delivery and cost-effectiveness.

Projections of Investments in equipment's for enhancement of cloud and data storage services/ Orders to be placed: -

The company has taken tentative cost and a quotes from different vendors for the above said objective purpose (Capital expenditure), the vendors are as follows: -

S.No	Name of the Vendor	Validity		Amount quoted (in Rs)	Name of the Concerned Person	Designation
		From	To			
1.	Esconet Technologies Limited	October 31, 2023	January 31, 2024	2,51,83,014*	Mr. Sunil Kaushik	Chief Operating Officer
2.	Concave IT Solutions LLP	November 22, 2023	February 20, 2024	3,03,56,843*	Mr. Suman Kumar	Deputy General Manager- sales
3.	Progression Infonet Pvt. Ltd.	November 24, 2023	February 22, 2024	3,02,45,391*	Mr. Gaurav Verma	Assistant General Manager- sales
4.	Binary Global Limited	November 25, 2023	February 23, 2024	3,04,51,289*	Mr. Sudhir Kumar	Senior Manager- Sales

**The amount does not include GST or other taxes as may be applicable.*

SECTION VIII: ABOUT US

OUR BUSINESS

ON PAGE NO. 108 OF THE DRHP UNDER HEADING “BUSINESS OVERVIEW”

Esconet Technologies Private Limited, founded in 2012, is engaged in the business of meeting a wide range of IT requirements such as high-performance supercomputing solutions, data centre facilities, encompassing storage servers, network security, virtualization, and data protection. Our comprehensive solutions cater to the needs of SMEs, large enterprises, and public sector clients. Furthermore, Esconet extend its capabilities into the cloud services domain through its wholly owned subsidiary, ZeaCloud Services, ensuring that our clients have access to cutting-edge technology and a seamless IT infrastructure experience.

Throughout this journey, Esconet has garnered not only experience but also the pool of clientele base of private and public sector organizations mentioned below. This positive evolution showcases our commitment to excellence, innovation, and comprehensive client support. As a trusted partner, we are delivering not just solutions, but tailored strategies that empower our clients to thrive in the rapidly evolving landscape of technology.

- Ministry of Defence
- National Informatics Centre-MeitY
- National Informatics Centre Services Inc. – MeitY
- Indian Institute of Technology
- Indraprastha Institute of Technology Limited
- Bharat Electronics Limited
- Oil & Natural Gas Commission Limited
- Engineers India Limited
- Hindustan National Glass & Industries Limited etc.

Recognizing the demand in the Indian market, Esconet introduced its brand, HexaData, specializing in high-performance Servers, Workstations, and storage systems. Additionally, Esconet's strategic collaboration with NVIDIA has resulted our growth in the Artificial Intelligence (AI) and Machine Learning (ML) domain, enhancing our servers and workstations.

ON PAGE NO. 109 OF THE DRHP UNDER HEADING “ABOUT HEXADATA”

HexaData, a quality-oriented product line by Esconet, represents a conventional shift of Esconet's in computational power and performance. Besides serving customer needs in terms of servers, it also about integrating the latest NVIDIA GPGPU technology to create supercomputers compactly packaged. These machines are engineered to handle the most technical, data-intensive tasks, essentially bringing the capabilities of a supercomputer into a single unit.

ON PAGE NO 113 OF THE DRHP UNDER HEADING “DESCRIPTIONS OF THE PRODUCTS WE PROVIDE”

a) Super Computers

The Company from its own brand name, Hexadata, is providing the products like Super Computers. These Supercomputers represent a cutting-edge paradigm in high-performance computing, leveraging a powerful hybrid architecture that seamlessly integrates NVIDIA's GPGPUs with state-of-the-art AMD/Intel CPUs. This fusion of leading technologies enables an unprecedented level of performance for both single-threaded and parallelized tasks, positioning these systems as exceptionally versatile across an array of critical domains including scientific research, data analytics, financial modeling, and media rendering. These Computers also provides high performance along with high reliability.

ON PAGE NO 124 OF THE DRHP UNDER HEADING “KEY FEATURES OF OUR BACKUP SOLUTIONS”

- High-Speed WAN Backups Leverage technologies for lightning-fast backups over wide area networks, securing your remote locations.

ON PAGE NO 126 OF THE DRHP UNDER HEADING “OUR TECHNOLOGY PARTNERS”

Our synergistic collaborations with foremost technology leaders equip us with the capability to offer an all-encompassing portfolio of products and services. This comprehensive array spans across critical domains such as servers, cutting-edge data storage systems, and advanced data management solutions. Furthermore, our expertise extends to providing networking solutions, cloud computing services, and robust cybersecurity protocols.

ON PAGE NO. 126 OF THE DRHP UNDER HEADING “OUR SERVICES AND THE SOLUTIONS WE PROVIDE”

Services covered under Private Cloud and Public Cloud Services-

The details of services provided by the Company under private and public cloud services are as follows:

Private Cloud Services

ZeaCloud Services provides the following services under Private Cloud Services:

- a) Infrastructure-as-a-Service (IaaS),
- b) Backup-as-a-Service (BaaS),
- c) Disaster Recovery-as-a-Service (DRaaS),
- d) Software-as-a-Service (SaaS),
- e) Desktop-as-a-Service (DaaS)

Public Cloud Services

In case of providing the Public Cloud Services, ZeaCloud only provides Infrastructure-as-a-Service (IaaS).

The services related to Public Cloud are the services rendered by other Cloud Service Providers like AWS, Microsoft Azure. We are also authorized to use their services and resell it to the end-user by marking up a reasonable profit margin and additionally charging for managed services.

Zeacloud Services procures physical datacenter space which is usually termed as rack-space in the industry from public Datacenter owners and collocates its own stack of servers, storage, network and software in these locations and also procures internet bandwidth from NTT Communications India Network Services Private Limited and NTT Global Data Centers & Cloud Infrastructure India Private Limited respectively and uses the same to deliver cloud services. All the IT hardware and software required to deliver the private cloud services, Backup-as-a-Service and DR-as-a-Service is owned by Zeacloud Services Pvt. Ltd.

ON PAGE NO. 127 OF THE DRHP UNDER HEADING “TALENT BEHIND ESCONET’S BUSINESS”

Mayank Malik is working with Esconet since April 2014. He brings a performance-focused mindset reinforced by 9 years of hands-on experience in the industry. He is specialized in delivering tailored solutions to clients, his domain expertise ranges from Network & Desktop Virtualization to Hyper-Converged Infrastructure, using technologies such as vSAN, VxRAIL, and Nutanix. He is well-versed in the design and deployment of Servers and Data Storage Systems, making him a go-to expert in these areas.

ON PAGE NO. 128 OF THE DRHP UNDER HEADING “DATA CENTRES”

Data Centres

Our wholly owned subsidiary, ZeaCloud Services Private Limited, has strategically secured space in multiple data centers,

a decision that reflects our commitment to ensuring the robustness and reliability of our IT infrastructure. These data centres are owned by NTT Communications India Network Services Private Limited and NTT Global Data Centers & Cloud Infrastructure India Private Limited. Zeacloud Services is exclusively availing services from these data centres. These services, encompassing Internet Bandwidth and Rack Space for ZeaCloud's infrastructure, which are crucial for ZeaCloud's operations.

By distributing our resources across various geographic locations, Zeacloud have not only established a level of redundancy that enhances our disaster recovery capabilities but also improved the accessibility and performance of its services. Each data center provides a secure and controlled environment for our servers and networking equipment, with an emphasis on stringent security measures and rigorous compliance with industry standards. This strategic diversification allows Zeacloud to efficiently manage the capacity, implement robust redundancy strategies, and ensure that its mission-critical systems remain accessible and secure, even in the face of unexpected challenges.

The details of the data centres are as follows:

S. No	Name of the Company	Address ID	Address
1.	NTT Communications India Network Services Private Limited	DC-1 - Noida	H-223, Sector -63, Gautam Budh Nagar, Noida, Uttar Pradesh
2.	NTT Global Data Centres & Cloud Infrastructure India Private	DC-5 - Mumbai	Lighthall 'C' Wing Hiranandani Business Park, Saki Vihar Rd, Chandivali, Mumbai, India

ON PAGE NO. 134 OF THE DRHP A NEW HEADING IS ADDED AS "IMPORT BIFURTION"

IMPORT BIFURCATION

The Geographical distribution of the import of our company during the period ended September 30, 2023 and the last 3 F.Y are as under:

(Amount in Lakhs)

Particulars	As at September 30, 2023	%	2022-2023	%	2021-2022	%	2020-2021	%
Purchase Import	560.17	9.13%	1,116.32	14.67%	470.77	8.33%	227.09	5.98%
Purchase Domestic	5,573.63	90.87%	6,493.98	85.33%	5,178.86	91.67%	3,571.63	94.02%
Total	6,133.80	100.00%	7,610.30	100.00%	5,649.63	100.00%	3,798.72	100.00%

ON PAGE NO. 134 OF THE DRHP NEW SUB-HEADING IS ADDED AS "SEGMENT WISE REVENUE" UNDER REVENUE BIFURCATION

Segments wise revenue

The revenue bifurcation for both the segment of services provided by the company are mentioned below:

(Amount in Lakh)

Particulars	30 th September, 2023		31 st March 2023		31 st March 2022		31 st March 2021	
	Revenue from Goods	Revenue from Services	Revenue from Goods	Revenue from Services	Revenue from Goods	Revenue from Services	Revenue from Goods	Revenue from Services
Esconet Technologies Limited	6,282.57	845.21	8,912.70	553.26	6,521.90	334.39	4,192.22	219.67
Zeacloud Services Private Limited		13.81	-	193.30	-	-	-	-

Revenue from Operations

Set out below are certain details of our revenue from operations bifurcated into Organisation wise and our business verticals:

Organization	Revenue from operations							
	September 30, 2023		Fiscal 2023*		Fiscal 2022		Fiscal 2021	
	(in Lakhs)	As a % of revenue from operations	(in Lakhs)	As a % of revenue from operations	(in Lakhs)	As a % of revenue from operations	(in Lakhs)	As a % of revenue from operations
Government	2,322.8	32.59%	3,384.39	35.75%	1,411.06	20.58%	1,168.90	26.49%
Other than Government	4,804.9	67.41%	6,081.57	64.25%	5,445.22	79.42%	3,242.99	73.51%
Total	7,1277.7	100.00%	9,465.96	100.00%	6,856.28	100.00%	4,411.89	100.00%

ON PAGE NO. 140 OF THE DRHP A NEW HEADINGS ARE ADDED AS “PROCESS OF PROCURING THE RAW MATERIAL”, “PROCESS OF ACQUISITION OF BUSINESS FROM CLIENTS IN PRIVATE SECTOR” AND “BIDDING PROCESS IN PSU SECTOR COMPANIES”

Process of Procuring the Raw Material

1. Component Identification in Design Phase:

During the initial design phase, Esconet systematically identifies the specific components required for each product model, ensuring a detailed understanding of the essential elements needed for optimal functionality.

2. ODM Engagement for Hardware Components:

Esconet actively seeks out reputable Original Design Manufacturers (ODMs) specializing in various hardware components, establishing partnerships to secure reliable sources for essential parts.

3. Sample Component Procurement for Testing:

To validate the suitability of identified components, Esconet procures sample units for thorough design, reliability, and performance testing. This meticulous evaluation process is crucial in ensuring the selected components meet the desired standards.

4. Negotiation and Order Placement:

After shortlisting potential ODM suppliers, Esconet engages in negotiations, aiming for competitive pricing and favorable delivery terms. Orders are then placed based on the negotiated terms, ensuring alignment with the company's cost and timeline considerations.

5. Repeat Orders with Performance-based Suppliers:

Esconet maintains relationships with suppliers that have demonstrated consistent performance. Repeat orders are placed with these suppliers, leveraging established partnerships to streamline the procurement process while ensuring reliability. However, the company periodically evaluates quotes from alternative suppliers to uphold cost competitiveness.

6. Market Monitoring for Strategic Adjustments:

Esconet remains vigilant in monitoring market pricing trends and demand-supply dynamics. This proactive approach enables the company to strategically adjust order quantities based on market conditions, optimizing procurement

decisions to respond effectively to fluctuations in the business environment.

PROCESS OF ACQUISITION OF BUSINESS FROM CLIENTS IN PRIVATE SECTOR

a) Identification and Lead Distribution:

The first step is identifying potential clients through market research, industry databases, referrals, marketing leads, and networking events. Focus on businesses, industries, and organizations that align with the company's target market and distributing the qualified leads to the internal sales teams for further process.

b) Client Assessment and Presale Engagement:

The second step after identifying the clients is to engage in discussions and technical meetings with prospective clients to understand their product/service requirements, goals, timelines, budget constraints, and project specifications. Presentations with clients and assessment of the feasibility of providing a suitable solution, or revised solution as per customer's request.

c) Customized Solution Proposal:

After the successful discussion with the client, our work starts with the preparation of a customized proposal outlining the solutions, requirement analysis, system study including system design, performance requirements, financial analysis, implementation plan, and any specific client requirements. Further, we engage with the OEMs, in parallel, for required hardware or software necessary for the assessed project.

d) Negotiation and Finalization:

After sharing the proposal, we collaborate with the client to finalize project details, payment terms, pricing, and service level agreements. Address any concerns or queries the client may have and finding the mutually agreeable solutions.

e) Signing of Contracts:

When the deal gets finalized then, then our team prepares and review legal documents, including service contracts, purchase agreements (PAs), or other agreements, ensuring that all terms and conditions are clearly defined and agreed upon by both parties, if required, drafting of scope documentation and if further inputs of client after the scope understanding is given by the Services Team, revision in documentation and pricing finalisation after Joint Meetings.

f) Final Execution of Project:

The last step is to proceed with the implementation phase after receipt of the Purchase orders, including material checks, securing necessary permits, conducting site assessments, engineering and design, software, hardware and services procurement from third parties, installation, and commissioning. We maintain regular interaction with the client throughout the project execution and after the final delivery of the Product/services.

BIDDING PROCESS IN PSU SECTOR COMPANIES

i. Identifying the Opportunities:

The first step is to constantly monitor the public announcements, government initiatives, and industry publications to identify project opportunities that are up for bidding on various government platforms such as the Government e-Marketplace portal and other relevant channels. This proactive approach aligns with the short-term and long-term business objectives of the company by staying informed about potential projects open for participation.

ii. Pre-Bid Analysis:

After identifying the opportunities, our team conducts a thorough analysis of the pre-qualification criteria, project requirements, technical specifications, financial considerations, and evaluation criteria outlined in the bidding documents for qualification.

iii. Preparation of Bid:

After analysing the qualification criteria, our team prepares a comprehensive bid proposal that includes technical designs, project timelines, cost estimates, earnest money, tender fee and relevant credentials while ensuring the compliance with all bidding requirements.

iv. Risk Assessment:

Our team evaluates the potential risks associated with the project, such as specified project timelines, manpower resource availability, regulatory hurdles, or financial constraints. Mitigate risks and develop contingency plans.

v. Submission of the Bids:

After evaluating the potential risk, our team submits the bid proposal within the specified deadline, following all the prescribed procedures and formats outlined in the bidding documents.

vi. Evaluation and Award:

After the submission of the bidding by all the competitors, the bidding authority evaluates the submitted bids based on predefined evaluation criteria. The bids are assessed for technical competence, financial viability, project timelines, and adherence to bidding guidelines. The project is then awarded to the bidder with the highest score or deemed most suitable.

vii. Contract Signing:

Upon successful bid acceptance, our company engages in the finalization of the agreement. This phase involves signing comprehensive contracts that outline the project's scope of work, duration, pricing structure, service levels, and specific project deliverables. Additionally, detailed acceptance testing procedures are incorporated into the contractual framework, establishing a clear and mutually agreed-upon roadmap for the successful execution of the project. This formalized documentation solidifies the commitment between our company and the client, providing a robust foundation for the seamless implementation of the awarded project.

viii. Award of Bid and Final Delivery:

After the final submission of Bid and evaluation, if the Project is awarded, contracts are signed and finalised and the PO is received and validated, the Purchase/ Procurement Process is initiated, goods are received and validated, and an AR Invoice is raised, and the final delivery is made at the customer site and the final Billing process is done by the Accounts Team.

OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

HISTORY OF OUR COMPANY

Our Company was originally incorporated on March 30, 2012 as a Private Limited Company as “Esconet Technologies Private Limited” vide Registration No. 233739 under the provisions of the Companies Act, 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana. Our company had taken over a partnership firm namely M/s Electro Sales Corporations via agreement executed date April 01, 2012. The partners of M/s Electro Sales Corporations, named Mr. Santosh Kumar Agrawal, Mr. Sunil Kumar Agrawal and M/s Abro Intrade Pvt Ltd. through its Director Mr. Sunil Kumar Agrawal transferred all the Assets & Liabilities of Partnership Firm M/s Electro Sales Corporation to Esconet Technologies Private Limited with all assets, liabilities, rights, claims, entitlements and obligations with effect from 01.04.2012 on going concern basis.

Pursuant to a special resolution passed by our shareholder in the Extra – Ordinary General Meeting held on August 09, 2023 main objects of the Company was altered and a Fresh Certificate of Incorporation was issued on August 18, 2023 by the Registrar of Companies, Delhi. Subsequently, pursuant to a special resolution passed by the Shareholders at their Extra-Ordinary General Meeting held on August 09, 2023, our Company was converted from a Private Limited Company to Public Limited Company and consequently, the name of our Company was changed to “Esconet Technologies Limited” and a Fresh Certificate of Incorporation consequent to Conversion was issued on September 21, 2023 by the Registrar of Companies, Delhi. The Corporate Identification Number of our Company is U62099DL2012PLC233739.

DETAILS OF BUSINESS OF OUR COMPANY

The company is proficient in addressing diverse IT needs, including servers, storage, networks, security, virtualization, and data protection, catering to SMEs, large enterprises, and public sector clients. Recognizing the burgeoning demand in the Indian market, Esconet introduced its brand, HexaData, specializing in high-performance Servers, Workstations, and storage systems through the Make in India initiative. Additionally, Esconet's strategic collaboration with NVIDIA has propelled remarkable growth in the AI and ML domain, enhancing their servers and workstations.

OUR PROMOTERS AND PROMOTER GROUP

OUR INDIVIDUAL PROMOTER:

1. Mr. Santosh Kumar Agrawal
2. Mr. Sunil Kumar Agrawal
3. Mr. Vineet Agrawal

DETAILS OF OUR INDIVIDUAL PROMOTER



Mr. Santosh Kumar Agrawal

Mr. Santosh Kumar Agrawal, aged 54 years, is the promoter and chairman cum Managing Director of our company. He was originally appointed on the Board on March 30, 2012 (Since inception). He has founded Esconet Technologies Limited in 2012. He holds two degrees in Commerce and Master of Business Administration, Information Technology from Guru Ghasidas University. He is a second-generation entrepreneur who began his IT journey in 2003 with Electro Sales Corporation, trading in hardware and software. Rooted in strong trust and values, he transformed the business in 2012 to Esconet Technologies, focusing on IT solutions, cloud computing, and fostering long-lasting relationships with clients

Permanent Account Number: AFNPA6347N



Mr. Sunil Kumar Agrawal

Mr. Sunil Kumar Agrawal, aged 45 years, is the promoter and Whole Time Director of our company. He was originally appointed on the Board on March 30, 2012 (Since inception). He has founded Esconet Technologies Limited in 2012. He holds two degrees in Commerce and Bachelor of Laws (LLB) from Guru Ghasidas University. Sunil Agrawal, a second-generation entrepreneur embarked on his IT journey in 1998 with Electro Sales Corporation, specializing in hardware and software trading. As a commerce and law graduate with an innate knack for mechanical engineering and IT hardware, Sunil's innovative approach to technology was evident from the start.

Permanent Account Number: AFLPA0318R



Mr. Vineet Agrawal

Mr. Vineet Agrawal, aged 27 years, is a dynamic and ambitious third-generation entrepreneur, currently serving as the promoter and Whole Time Director of Esconet Technologies Ltd. With a keen aptitude for learning and a robust work ethic, he has quickly distinguished himself in the fields of sales and marketing. As a fast learner and a hardworking executor, Agrawal's dedication to excellence is evident in his approach to his role within the company. His youthful energy and innovative thinking promise a bright future for both himself and Esconet Technologies. His leadership is expected to contribute significantly to the growth and success of the company in the and services sector. IT Infrastructure solution sales and service sector.

Mr. Vineet Agarwal is the visionary behind ZeaCloud Services, serving as its Promoter. The inception of ZeaCloud Services stems from his innovative idea to establish a company dedicated to providing cloud services to its clients.

Permanent Account Number: BVUPA9782M

Our Company confirms that the permanent account number, bank account number, Passport number, Aadhar Card and driving license of our promoter, shall be submitted to the NSE at the time of filing this Draft Red Herring Prospectus.

OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018 includes the following persons:

a. Individual Promoter

The natural persons who are part of our Promoter Group (due to the relationship with our Promoter), other than the Promoter named above are as follows:

Sr. No.	Relationship	Mr. Santosh Kumar Agrawal	Mr. Sunil Kumar Agrawal	Mr. Vineet Agrawal
1.	Father	Late Shri Shyam Lal Agrawal	Late Shri Shyam Lal Agrawal	Santosh Kumar Agrawal
2.	Mother	Smt. Savitri D Agrawal	Smt. Savitri D Agrawal	Abha Agrawal
3.	Spouse	Smt. Abha Agrawal	Smt. Monita Agrawal	N.A.
4.	Son	Sh. Vineet Agrawal	N.A.	N.A.
5.	Daughter	Smt. Pooja Gupta	Shubhangi Agrawal Sanvi Agrawal	N.A.
6.	Brother	Sh. Anil Kumar Agrawal Sh. Sunil Kumar Agrawal	Sh. Anil Kumar Agrawal Sh. Santosh Kumar Agrawal	N.A.
7.	Sister	N.A.	N.A.	Pooja Gupta
8.	Spouse Father	Late Bawarilal Saraogi	Sh. Raghubar Dayal Agrawal	N.A.
9.	Spouse Mother	Late Sushila Devi Saraogi	Smt. Urmila Devi Agrawal	N.A.
10.	Spouse Brother	Ajay Saraogi and Abhay Saraogi	Lokesh Agrawal	N.A.
11.	Spouse Sister	N.A.	N. A	N. A

b. Companies, Limited Liability Partnership Firms, Partnership Firm and Hindu Undivided Family (HUF) forming part of our Promoter Group are as follows:

Relationship with Promoter	Individual Promoter		
	Mr. Santosh Kumar Agrawal	Mr. Sunil Kumar Agrawal	Mr. Vineet Agrawal
Any company in which 20% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relatives is a member	1. Abro Intrade LLP.	1. Abro Intrade LLP.	1. Abro Intrade LLP
Any company in which a company (mentioned above) holds 20% of the total holding	-	-	-
Any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 20% of the total holding	1. Aakriti Construction- Partnership Firm. 2. Matashri Buildcon- Partnership Firm 3. Shyam Lal Agrawal- HUF	1. Aakriti Construction- Partnership Firm. 2. Matashri Buildcon- Partnership Firm 3. Shyam Lal Agrawal- HUF	1. Aakriti Construction- Partnership Firm. 2. Matashri Buildcon- Partnership Firm 3. Shyam Lal Agrawal- HUF

SECTION-IX: FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

ON PAGE NO. 255 OF THE DRHP UNDER THE HEADING "BUSINESS OVERVIEW"

The company is proficient in addressing diverse IT needs, including servers, storage, networks, security, virtualization, and data protection, catering to SMEs, large enterprises, and public sector clients. Recognizing the burgeoning demand in the Indian market, Esconet introduced its brand, HexaData, specializing in high-performance Servers, Workstations, and storage systems. Additionally, Esconet's strategic collaboration with NVIDIA has resulted our remarkable growth in the AI and ML domain, enhancing our servers and workstations.

ON PAGE NO. 260 OF THE DRHP UNDER THE HEADING "FISCAL YEAR ENDED MARCH 31, 2023 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022"

Income

Total revenue has increased by Rs. 2,638.17 Lakhs and 38.46%, from Rs. 6,859.37 Lakhs in the fiscal year ended March 31, 2022 to ₹ 9,497.54 Lakhs in the fiscal year ended March 31, 2023. The increase in revenue is because of increase in sale of IT hardware and service charges due to increase in the amount of order.

As mentioned above, the increase in sales from FY22 to FY23 is on account of larger sales order received from the customers. Please also see below the comparison of revenue generated from top 10 customers in FY22 and FY23.

(Amount in Lakhs)

F.Y. 2022-23			
Sr No.	Name	Amount	% to Total*
1.	National Informatics Centre Services INC	1480.68	15.64%
2.	Acceleron Labs Pvt Ltd.	723.55	7.64%
3.	National Informatics Centre	596.68	6.30%
4.	ANG India Ltd.	595.67	6.29%
5.	SMS India Private Ltd.	517.67	5.47%
6.	Oil & Natural Gas Corporation Ltd.	271.47	2.87%
7.	PRO X Infotech Pvt. Ltd.	252.45	2.67%
8.	ONGC Videsh Ltd.	222.43	2.35%
9.	Engineers India Ltd.	220.44	2.33%
10.	RV Forms & Gears	203.70	2.15%
	Total	5084.74	53.72%

(Amount in Lakhs)

F.Y. 2021-22			
Sr No.	Name	Amount	% to Total*
1.	DA Tech Systems LLP	677.56	9.88%
2.	ANG India Ltd.	675.73	9.86%
3.	National Informatics Centre	480.75	7.01%
4.	National Informatics Centre Services INC	387.12	5.65%
5.	Dhani Loans & Services Ltd.	379.65	5.54%
6.	Indian Oil Corporation Ltd.	216.86	3.16%
7.	Shree Guru Gobind Singh Tricentary University	190.29	2.78%
8.	Engineers India Ltd.	158.06	2.31%
9.	PRO X Infotech Pvt. Ltd.	158.02	2.30%
10.	Merino Consulting Services Ltd.	151.01	2.20%
	Total	3475.05	50.68%

For instance, the revenue generated by National Informatics Centre Services INC experienced a substantial growth, rising

from Rs. 387.12 Lakh in the fiscal year 2021-2022 to Rs. 1,480.68 Lakh in the fiscal year 2022-2023. This remarkable increase of Rs. 1,093.56 Lakh underscores the demand for our products among our valued customers.

In addition to specializing in server solutions, the company distinguishes itself by offering comprehensive consultancy services and annual maintenance service facilities to its clients. This integrated approach occasionally involves providing both services simultaneously, ensuring a seamless and efficient experience for the clients. Therefore, it is to be noted that the upsurge in goods sales directly corresponds to a parallel increase in service revenue. The details of the revenue generated of IT hardware and services for the F.Y 22 and F.Y 23 are mentioned below:

Particulars	31st March 2023		31st March 2022	
	Revenue from Goods	Revenue from Services	Revenue from Goods	Revenue from Services
Esconet Technologies Limited	89,12,69,709	5,53,26,052	65,21,89,919	3,34,38,580
Zeaccloud Services Private Limited	--	1,93,30,035	--	--

Net Profit after Tax and Extraordinary items

The reason for increase in Net Profit from Rs. 72.36 Lakhs in the fiscal year ended March 31, 2022 to profit of Rs. 304.02 Lakhs in the fiscal year ended March 31, 2023 is twofold. First, the Net profit was increased due to increase in revenue from operations from Rs. 6,859.37 Lakh in the fiscal year ended March 31, 2022 to Rs. 9,497.54 Lakh in the fiscal year ended March 31, 2023. Second, due to overall process efficiency, the expenses are not increased in same proportion with the increase in the revenue which increases the overall PAT.

SECTION X: LEGAL AND OTHER INFORMATION

GOVERNMENT AND OTHER APPROVALS

9.	Securities and Exchange Board of India	INR000003241	Registrar to an Issue and Share transfer agents, Regulations, 1993	Certificate of Permanent Registration	Valid for permanent, unless suspended or cancelled by the Board
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We have deleted the above row from the table “Registrations and Approvals under Statutory and Regulatory Act”