capillary

Annual Report 2021-22

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Chief Executive Officer and Executive Director
Anant Choubey
Chief Operating Officer, Chief Financial Officer and Executive Director
Neelam Dhawan
Chairperson and Independent Director
Farid Lalji Kazani
Independent Director
Sameer Garde
Independent Director
Venkat Ramana Tadanki
Independent Director
Yamini Preethi Natti
Independent Director

Registered & Corporate Office

#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru, Karnataka 560102

Bankers

HDFC Bank Limited
RBL Bank Limited

Website

www.capillarytech.com

Statutory Auditors

S.R.Batliboi & Associates LLP

Committees of the Board

Audit

Farid Lalji Kazani
Anant Choubey
Neelam Dhawan
Venkat Ramana Tadanki

Corporate Social Responsibility

Yamini Preeti Natti
Anant Choubey
Sameer Garde

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Neelam Dhawan
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Sameer Garde
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Farid Lalji Kazani

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Sameer Garde
Aneesh Reddy Boddu
Anant Choubey

Management and Independent Directors

Aneesh Reddy Boddu
Executive Director and CEO

Aneesh Reddy Boddu is the Founder, the Executive Director and the Chief Executive Officer of our company. He holds a bachelor's degree in manufacturing science and engineering from the Indian Institute of Technology, Kharagpur. At the Indian Institute of Technology, Kharagpur, he co-founded the 'Entrepreneurship Cell' and was awarded the 'Distinguished Alumnus Award' by the institute in 2017.

In 2014, he was recognized by Fortune India magazine as one of the '40 under 40 - India's Brightest Young Business Minds' followed by another recognition by The Economic Times under the 'ET 40 under Forty' list in 2017. He was previously associated with ITC Limited.

Anant Choubey
Executive Director and COO

Anant Choubey is the Co-founder, the Executive Director and the Chief Operating Officer of our company. He has been a part of our company group since 2010. He holds a bachelor's degree in industrial engineering from the Indian Institute of Technology, Kharagpur.

He was previously associated with Procter & Gamble Home Products Private Limited where, in 2008, he was awarded the 'Special Appreciation Award' and was also one of the youngest employees to receive recognition shares from the Company

Neelam Dhawan
Independent Director

Neelam Dhawan is the Chairperson and an Independent Director of our company. She holds a bachelor's degree in arts (economics) from the University of Delhi and a master's degree in business administration from the University of Delhi.

She was previously associated with Hewlett-Packard Enterprise India Private Limited as Vice-President - Solutions Sales, and with HP India Sales Private Limited, Hewlett-Packard India Private Limited, Microsoft Corporation (India) Private Limited as their Managing Director. Currently, she serves as an independent director on the boards of ICICI Bank Limited, and Capita PLC in the United Kingdom.

Farid Lalji Kazani
Independent Director

Farid Lalji Kazani is an Independent Director of our company. He holds a bachelor's degree in commerce from the University of Mumbai. He is also a member of the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India.

He has been bestowed with several accolades including 'India CFO Award for Excellence in Mergers and Acquisitions by IMA India in 2016, the 'Best Digital Transformation Critical Finance Expert' award by Acquisitions International magazine at the 2019 Global CFO Excellence Awards and recognition by 9.9 Media in the 'CFO100 Roll of Honour' for the years 2013, 2015, 2016, 2017, 2018 and 2019 respectively.

He is currently working as the Executive Vice-President of Course5 Intelligence Private Limited. He was previously associated with Majesco Limited in the capacity of a Managing Director, with RPG Enterprises Limited in the capacity of Vice-President (Corporate Finance), with BPL Mobile Communications Limited as their Head, Corporate Finance and with Firstsource Solutions Limited in the capacity of Chief Financial Officer (India).

Sameer Garde
Independent Director

Sameer Garde is an Independent Director of our company. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi and a post-graduate diploma in management from the Indian Institute of Management, Calcutta.

He was previously associated with Cisco Commerce India Private Limited as Vice-President, Theatre Leader, with Samsung India Electronic Private Limited in the capacity of Senior Vice-President, Enterprise Business, with Pepsi Foods Limited as General Manager, Marketing, with IQLECT Solutions Private Limited in the capacity of Head-Strategy Alliances and Partnerships, with Phillips India Limited in the capacity of Sector Market Leader, Healthcare and with Nestle India Limited, Hewlett-Packard Enterprise India Private Limited, Whirlpool of India Limited and Chief Executive Officer- Artificial Intelligence Unit with the National Entrepreneurship Network.

Venkat Ramana

Independent Director

Venkat Ramana Tadanki is an Independent Director of our company. He holds a bachelor's degree in economics (honors) from the University of Delhi and a post-graduate diploma in management from the Indian Institute of Management, Calcutta.

He is also a charter member of TiE SoCal, Southern California. He was previously associated with ITC Limited for Fortune Tobacco Company in the United States, Daksh, and with PepsiCo India Holdings Private Limited.

Yamini Preethi Natti

Independent Director

Yamini Preethi Natti is an Independent Director of our company. She holds a bachelor's degree in computer science engineering from the Birla Institute of Technology and Science, Pilani and a post-graduate diploma in management from the Indian Institute of Management, Bangalore.

She was previously associated with McKinsey & Company, Inc. She is the Co-founder and Chief Executive Officer of Vymo Inc.

CEO's Message

Dear Shareholder,

Your company has had a very eventful Financial Year 2022 ("FY22"). As a business, we continue to be confident that we can deliver our long-term vision of growing Capillary into a global market leader in the $10Bn+ Loyalty management space. Our results in FY22 are indeed the foundation to help us achieve this long-term goal.

I would like to break down our FY22 actions and results into the following broad categories to help showcase the fact that, we are on track towards achieving our goals.

A. Market Expansion:

a. Geographic Expansion

United States: We acquired Persuade group in the United States ("US"), comprising Persuade Holdings Inc. and Persuade Loyalty, LLC ("**Persuade**") (the name of Persuade Loyalty, LLC was eventually changed to Capillary Technologies LLC). Persuade is in the same Loyalty management space as Capillary and the acquisition was intended for the sole purpose of market expansion into the US. With this acquisition, we have gained multiple Fortune 500 companies as our customers in the US and now have a foothold in the US $4.5Bn+ Loyalty management market. Our US business continues to grow well as we have successfully won more Fortune 500 companies as customers and have grown 250%+ for FY22 as compared to FY21 (Capillary and Persuade – US revenues for both years included). We also won our first customer in Europe - Metro Cash and Carry, in FY22. As of date, the Company has ~30% of its revenue coming from the US and Europe markets, which merely accounted for <5% of revenue in FY21

b. Category Expansion

Diversifying into verticals beyond retail: Considering the impact of Covid-19 on the retail industry and given the fact that the majority of our revenues for FY20 and FY21 came from retail, we decided to diversify into other consumer verticals like consumer goods, oil & gas conglomerates, travel, and hospitality, automobile dealerships, etc, This meant significant investments in products to make them adaptable for these verticals. We also had to make huge investments in Sales and Marketing to help win us, customers, in these new diversified verticals. We have been able to make these changes successfully and now have marque customers like Shell and TATA in the non-retail verticals. We have also managed to win some flag-ship customers in Oil & Gas Conglomerates, Travel, and Hospitality, Consumer goods, etc., which again helped expand the addressable market considerably for the Company. Today 45%+ of the company's revenue comes from non-retail verticals up from less than 15% of revenue in FY19 coming from non-retail verticals.

c. **Large Client Focus**

As of date, more than 85% of the revenue of the Company comes from our top 50 customers. This is a significant improvement from FY20 (pre-Covid-19) when we had a sizeable revenue coming from mid-market and SMB customers. We made significant gains (~15% improvement in absolute terms) in gross margins with a focus on large enterprises. We have also made significant improvements in sales efficiencies (break-even months on spending on new customer acquisition, improving from 36 months as of FY20 to less than 12 months presently). We have been able to maintain these improvements for the second year (FY21 and FY22) and believe that these can be sustained going forward as well.

B. Product Focus

We have made significant progress on our Loyalty product, which is reflected in our winning 20+ mentions in reports published by Gartner and Forrester. We have also been featured as a 'leader' in the Forrester wave on Channel Incentive Management, which is a rare honour for a new product. We are also seeing a lot of interest from large system integrators and consulting companies to partner with us and use our loyalty stack as part of their digital transformation engagements for their customers. In this regard, we have signed up a global partnership with KPMG and other such large firms.

C. NPS Focus – Internal and External:

This year, not only have we continued to stay focused on our Customer Net Promoter Score ("NPS") (which is at a healthy 30+ and more), but have also focused on employee NPS scores. For instance, we made significant investments in manager training and coaching 'first-time managers. Recognizing the changing landscape in the post-Covid-19 world, we also documented and improved our organizational principles and policies to make them work in this hybrid world. Finally, there has been a lot of focus on driving employee experience for employees based in markets outside India. For the next year, the focus is going to be on implementing a tool for measuring and managing performance transparently and linking it to rewards, recognition, and career growth paths, for employees. On the Customer NPS front, we now have a well-oiled machine for getting feedback from customers quarterly, acting on the feedback, resulting in improved ratings from Detractors and Passive customers. For the next year, as Covid-19 subsides, we will focus on meeting our customers to strengthen relationships and drive product adoption and upgrades.

D. Covid-19 Impact and the recovery in its aftermath:

In Q1FY22, we witnessed a huge impact on business due to Covid-19 both in India and the South East Asian market. However, the business more or less recovered from the same by Q4FY22. The Asia business in Q4FY22 got back to a similar size as of Q4FY20, albeit a lot healthier and diversified with a much larger addressable market, with all the new non-retail verticals that we added. We got to a 115%+ NRR (Net Retention rate, a key metric for SAAS businesses) for FY22 and more than 40% of our New Order book came from existing customers.

E. Preparing for an Initial Public Offering ("IPO"):

a. **Restructuring the business and IPO costs**: We underwent a significant restructuring exercise in FY22, bringing the global business under the Indian Company and applying to the Security Exchange Board of India ("SEBI") for a possible listing, which also meant the Company was converted into a Public limited company. This resulted in one-time costs relating to Employee Stock Option ("ESOP") cancellations, ESOP re-issuance, restructuring-related professional fees, etc., which show up as costs in FY22. Some elements of the ESOP re-issuance costs will show up in FY23. However, it is to be noted that the ESOP expenses are non-cash costs. Also, this being our first year with the global business folding into India, as well as our first year as a public (although not yet listed) company, there have been some learnings on the audit front (CARO reporting, Inter-company reporting, etc.), which we intend to implement in the future audits.
b. **Building an Independent Board and driving governance at the company**: We have been able to make remarkable progress in terms of taking the Company's governance to the next level. In this regard, we have added five independent directors to the Company's board i.e. Neelam Dhawan, Farid Kazani, Venkat Tadanki, Sameer Garde, and Yamini Bhat, all distinguished professionals in the Technology industry who have been adding significant value to the Company. Neelam Dhawan, Independent Director of the Company is also the Chairperson of the Board.

F. Financials update

This is the first year wherein we are reporting Consolidated Financial Statements for the Company under the Indian Entity. Revenue from the Persuade acquisition has been considered from 1st September 2021 onwards in the said statements. We would like to present a like-to-like comparison as in the Draft Red Herring Prospectus ("DRHP") filings; here is a proforma view of the financials of the Company.

INR Mn.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022
Revenue	**1,955.52**	**2,472.80**
Revenue growth %	-12.97%	26.45%
Adjusted EBITDA	**(66.77)**	**(69.93)**
Adjusted EBITDA %	-3.41%	-2.83%

*As detailed in the Draft Red Herring Prospectus ("DRHP"), the proforma essentially show financials for the full year for all the entities (assuming Persuade and the global subsidiaries were part of the India company for the full year of FY22 and the comparison period of FY21), and hence is better for a like-for-like comparison. Adjusted EBITDA is calculated in a manner, similar to as done in the DRHP. The calculations are shared on page no.12. Adjusted EBITDA doesn't include ESOP and some other line items.

**Adjusted earnings before interest, tax, depreciation, and amortization and are calculated as profit / (loss) for the year/period plus tax expense, finance cost, depreciation and amortization expenses, intangible assets under development written off, exceptional (loss), employee stock option expenses, loss on account of foreign exchange fluctuations (net) and advances/deposits written off less other income, finance income, exceptional gains, gain on account of foreign exchange fluctuations (net), exceptional loss, Acquisition-related expenses (legal, diligence, etc.), IPO and restructuring costs.

On a profoma basis, your Company grew 26.45% in FY22, reversing the impact of Covid-19 in FY21. There was an increase in costs for the Company given the competitive salary market and heavy attrition across the ecosystem. The costs also increased on account of additional investments in product development for the non-retail verticals and their implementation. Additionally, we have started re-investing in sales and marketing as we recover from the business impact due to the pandemic. Despite these investments, increases in costs, and huge spending on the restructuring and IPO filings, we were still able to deliver this growth with Adjusted EBITDA % moving from (3.41%) in FY21 to (2.83%) in FY22. We broke even at an Adjusted EBITDA level for H2FY22.

G. Looking into the crystal ball:

We believe we are laying the foundation for becoming a global leader in the loyalty management space. As detailed in the DRHP, we will continue our growth along this journey by driving the following levers:

- Growth in the Asia business: Growth in existing customer revenues (sustain NRR at 115%+ and farming at 40%+ of new business) and going deeper in newer non-retail verticals. We are also making significant investments in Customer Success and Sales teams in this regard.
- Organic growth in the US business: The US market represents a very large opportunity. With a highly referenceable customer set of Fortune 500 companies and the love we are witnessing from the analysts and partners, we are poised to grow in US marketing in the coming years. We will continue to invest in Sales and Marketing in the US as well.
- Inorganic growth in the US: The Persuade acquisition has been valued accretive and we believe we can do more value accretive acquisitions in the Loyalty management and allied spaces in the US.
- Product Enhancement: As a business in FY23, we intend to continue to invest in a product to make it richer, in terms of features, especially for the newer verticals. We are also making investments to open up our loyalty platforms to help partners build and implement on top of our product.
- Sales: Finally, given the very large opportunity ahead of us, we will be doubling our investments in Sales and Marketing in the US and Asia businesses in FY23. We are confident of seeing faster growth in FY23 as compared to FY22.

Given the above investments in product, sales and marketing, acquisitions, and the improved gross margin profile, we are hopeful of breaking even at an Adjusted EBITDA level for the business in FY23.

Looking forward to your continued support.

Regards,

Aneesh Reddy Boddu
Executive Director and CEO

Adjusted EBITDA Calculations:

INR Mn.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit / (loss) for the year / period (A)	(430.50)	(1,025.46)
Tax Expense (B)	(35.96)	(22.75)
Exceptional items (net) (C)	-	160.07
(Loss) / profit before exceptional items and tax (D=A+B+C)	(466.46)	(888.14)
Add:		
Finance Cost (E)	108.42	88.53
Depreciation and Amortisation expenses (F)	332.18	291.44
Intangible asset under development written off (G)	2.29	-
Earnings before interest, taxes, depreciation, and amortization expenses (EBITDA) (H = D+E+F+G)	**(23.57)**	**(508.17)**
Less: Other income (I)	(114.64)	(10.50)
Less: Finance income (J)	(12.93)	(5.11)
Add: Employee stock option expenses (K)	56.70	415.26
Add: Loss on account of foreign exchange fluctuations (net) (L)	20.19	4.52
Add: Advances/ deposits written off (M)	7.48	2.26
Add: Fair value loss on financial instruments at fair value through profit or loss (N)	-	-
Add: Acquisition-related expenses (legal, diligence, etc.)	-	19.67
Add: IPO and restructuring costs	-	12.13
Adjusted Earnings before interest, taxes, depreciation, and amortization expenses (Adjusted EBITDA) (O = H-I-J+K+L+M+N)	**(66.77)**	**(69.93)**
Revenue from operations (P)	1,955.52	2,472.80
Adjusted EBITDA Margin % (Adjusted EBITDA as a percentage of Revenue from operations) (Q = O / P)	**-3.41%**	**-2.83%**

Board's Report

Dear Members,

On behalf of the Board of Directors (the 'Board'), it is our pleasure to present 10th Board's Report of your Company, along with the Audited Financial Statements and Auditor's Report for the Financial Year ended March 31, 2022.

1. Financial Performance

Your Company for the first time have prepared standalone and consolidated financial statements for the financial year ended March 31, 2022, in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs and as amended from time to time.

				INR in Million
	Standalone		Consolidated	
Particulars	**2021-22**	**2020-21**	**2021-22**	**2020-21**
Revenue from operations	1633.36	1149.03	2230.69	1709.11
Other Income	3.89	70.20	8.57	88.22
Finance Income	4.75	12.34	5.10	12.91
Total Expenses	1703.51	1064.60	3115.45	2035.44
Profit/(Loss) before Exceptional items and Tax	(61.51)	166.97	(871.09)	(225.20)
Exceptional items	(160.07)	-	(160.07)	-
Profit/(Loss) before tax	(221.58)	166.97	(1031.16)	(225.20)
Profit/(Loss) after tax	(221.58)	166.97	(1008.41)	(228.30)
Other comprehensive income	(3.74)	0.56	(9.41)	51.45
Total comprehensive income/(Loss) for the year	(225.32)	167.53	(1017.82)	(176.85)
EPS				
-Basic	(4.53)	3.49	(20.62)	(4.77)
-Diluted	(4.53)	3.49	(20.62)	(4.77)

Further, your Company had restated and presented its financial statements for three previous years i.e. 2018-19, 2019-20 & 2020-21 and June 2021 (stub) as required under the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for the purpose of Initial Public Offerings ('IPO').

1.1. Business Performance

Please refer CEO's message for the business performance.

1.2 Amount, if any, which the Board proposes to carry to any reserves

Your Company does not propose to transfer any amount to the reserves for financial year 2021-22.

1.3 Dividend

Your Company does not propose to declare dividend for financial year 2021-22. The Company has adopted Dividend Distribution Policy and the same available on the website of your Company at https://www.capillarytech.com/investors/policies-and-codes.

1.4 Major events occurred during the year

a) State of the Company's affairs

- **Conversion of Private Company into Public Company**

Your Company was converted into a public limited Company pursuant to a special resolution passed at the extraordinary general meeting of the Shareholders of Company held on November 9, 2021 and name of the Company was changed to its present name 'Capillary Technologies India Limited', and a fresh certificate of incorporation was issued by the Registrar of Companies on November 23, 2021. Accordingly, your Company has amended the Memorandum of Association and adopted new Articles of Association.

- **Initial Public Offering**

Your Company has filed Draft Red Herring Prospectus with Securities and Exchange Board of India ("SEBI") dated December 24, 2021, for proposed Initial Public Offering (IPO), and as per the SEBI observation letter dated April 30, 2022, your Company has 12 months to open proposed IPO for subscription from date of SEBI's letter.

Your Company had appointed ICICI Securities Limited, Nomura Financial Advisory and Securities (India) Private Limited and Kotak Mahindra Capital Company Limited as Book running lead managers ('BRLM') to handle the offer.

The BSE Limited ("BSE") on January 17, 2022 and National Stock Exchange of India Limited ("NSE") on January 20, 2022 have granted in-principle approval for listing of its Equity shares at the Exchange under the proposed public issue.

Your Company is constantly monitoring the volatility of market conditions. As and when the situation is moderate & also taking the view of others factors it will consider an Initial public offering of its equity shares of face value of ₹2 each ("Equity Shares") for cash at a price to be decided by book building process, comprising of a fresh issue of up to INR. 2000 million and an offer for sale up to INR. 6500 million by the Capillary Technologies International Pte. Ltd. The Equity Shares so offered are proposed to be listed on BSE and NSE.

- **Acquisition of Persuade entities**

During the financial year under review, the Company through its wholly owned subsidiary i.e Capillary Pte. Ltd, situated at Singapore has acquired entire stake in Persuade Holdings, Inc. established under the laws of Minnesota, United States of America and Capillary Technologies LLC (Formerly known as Persuade Loyalty, LLC) incorporated as Minnesota Limited Liability Company.

b) Change in the nature of business

Your Company has not commenced any new business or discontinued/ sold or disposed of any of its existing businesses or hived off any segment or division during the financial year 2021-22 under review.

c) Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the Year and till the date of the Report

In the opinion of the Board, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which would affect substantially the results, or the operations of your Company for the financial year in respect of which this report is made.

1.5 Details of revision of financial statement or the Report

Your Company has not revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

2. General Information

2.1 Overview of the industry and important changes in the industry during the last year

- **Cookie less World & New Industries Adopting Loyalty**

Increasingly popular browsers are moving towards blocking third-party cookies. Firefox, Edge & Safari already are allowing users to block third-party cookies and Google is likely to follow-thru closer to the end of year. This change brings forth a significant challenge to marketers who rely on third-party data significantly in targeting their customers. The loss of third-party cookies' data will impact several set of marketing plans across the industry, marketers' will adopt alternative solutions for targeting potential customers. A significant shift towards making first-party data more relevant than earlier is likely to take place.

Marketers' will adopt Loyalty better, making first-party data instrumental in this change management. Loyalty data (first-party data) comes directly from own channels and with a clear consent of the consumers. The data was meant for better engagement and personalized experiences with one's consumers. The trend will only pick better and faster in a cookie less world. More power to first-party data and increasing adoption of Loyalty is the way forward

- **Possible economic slowdown, need to retain customers only increases**

Overall industry is likely to see a slowdown. The US has shown negative growth in successive quarters leading to a higher chance of an economic slowdown. If history is any indication, the slowdown will impact even the non-US markets, especially Asia. Just as in the past, brands will roll back spends that don't yield significant returns.

In the industries we operate in, customer acquisition costs are relatively higher and yield lower returns as against retaining customers. We are going to see brands focus on retaining and protecting their core, loyal customer base as a priority. Cost pressures will allow brands to choose retention over acquisition of customers. In this context Loyalty spends are well guarded and in many cases spending is likely to increase.

- **High salary inflation and great resignation.**

Salary inflation has been on the cards for over 18 months now. The trend is still present and likely to continue for the foreseeable 18 months as well. The industry has seen technology hiring come at 40%+ higher salaries in the recent past. Although there is a marginal improvement over the last 2 quarters and hiring has become easier, we continue to see high salary inflation for mid to senior talent.
As we witnessed during a large part of 2021, the Great Resignation sent attrition numbers north of 40%. Although our attrition levels have been 5% - 10% lower than the industry, we continue to see ~20% annual attrition currently.

- **Funding winter in the tech ecosystem and focus on profitability**

Funding in the Indian start-up ecosystem has fallen by 40 per cent to $6.8 billion in the Q2 of calendar year 2022, continuing from a similar trend in Q1. The slowdown in funding has hit start-up's at all stages, whether it's a growth stage or an early stage company.

The focus is clearly on profitability over growth. Start-up's have also started cutting down employee incentives, delaying appraisals and lay-offs. Luckily for us, we are already very close to breakeven and hence at an advantage against the rest of the ecosystem on this.

People Practice

People's well-being is the topmost priority for your Company, People practice is a corporate team that functions across all its business units and centres of excellence. The Company has implemented corporate-wide recruitment, Net Promoter score ('NPS") surveys, up-skilling, training, talent development, performance evaluation, talent review, succession planning, and compensation programs that are tailored to address the needs of each of its business units and locations.

During the year under review, your Company launched many new initiatives like "Buddy Program", "Capillary Launchpad", "Capillary Leadership and Inspiration Program," "Top Team Synergy", and "Learn to be an Ally" under the Diversity and Inclusion initiative, "Conscious workplace initiative" to ensure the well-rounded growth of all our employees, "Self Observation Retreats", "Book Reading Sessions" and "Art Workshops" under the workplace initiative.

The People Practice has continued to build on their formal manager connects to help Managers improve their NPS scores and become more effective managers. To assimilate new hires into the culture of the Company, a two-day org-wide orientation program was launched; a longer two-week functional on boarding plan also was launched in teams. The people practice team listens to employees' feedback through internal surveys like pulse surveys and pulse connects.

We continually strive to provide our people with competitive and innovative compensation packages, work with industry partners and consultants to benchmark our compensation and benefits programs with leading organizations in the industry. Our compensation packages include a combination of fixed salary, variable pay, stock options, and health insurance.

3. Capital and debt structure

3.1 Issue of shares or other convertible securities

During the financial year under review, following are the changes:

a. **change in the authorized, issued, subscribed and paid-up share capital;**

(i) Authorised Capital:

The Authorised share capital of the Company has increased from INR. 2,50,00,000/- (Rupees Two Crore Fifty Lakh Only) to INR. 15,10,00,000/- (Rupees Fifteen Crore Ten Lakh Only) details of which are given below:

Date of modification	Equity share Capital	Preference share Capital	Unclassified Capital	Total Authorised Capital
Original Share Capital at the time of Incorporation				
	10,00,000/-	0/-	0/-	**10,00,000/-**
Subsequent Modifications				
May 04, 2012	1,90,00,000/-	0/-	0/-	**1,90,00,000/-**
March 27, 2015	2,50,00,000/-	0/-	0/-	**2,50,00,000/-**
August 19, 2021	11,00,00,000/-	0/-	0/-	**11,00,00,000/-**
September 29, 2021	11,00,00,000/-	10,00,000/-	0/-	**11,10,00,000/-**
November 24, 2021	15,00,00,000/-	10,00,000/-	0/-	**15,10,00,000/-**

(ii) Issued, subscribed and paid-up share capital

The issued, subscribed and paid-up share capital of the Company has changed from INR. 2,33,33,790/- (Rupees Two Crore Thirty Three Lakh Thirty Three Thousand Seven Hundred and Ninety Only) to INR. 10,00,25,912/- (Rupees Ten Crore Twenty Five Thousand Nine Hundred and Twelve Only) details of which are given below:

Equity Share Capital

Date of allotment	Nature of allotment	No. of equity shares allotted	Face value Per equity Share (INR)	Issue price per equity share	Nature of consideration
August 31, 2021	Rights Issue	58836	10/-	8840/-	Cash
October 5, 2021	Preferential Allotment	5	10/-	8840/-	Cash
November 16, 2021	Preferential Allotment	24419	10/-	7712/-	Cash

November 20, 2021	Preferential Allotment	5920	10/-	7712/-	Cash
November 20, 2021	Conversion of 14,915 CCPS	17098	10/-	NA	Cash
November 26, 2021	See point (b) below	NA	NA	NA	NA
November 26, 2021	Bonus Issue	37,814,671	2/-	NA	NA

Preference Share Capital

Date of allotment	Nature of allotment	No. of Preference shares allotted	Face value Per Preference Share (INR)	Issue price per Preference share	Nature of consideration
October 28, 2021	Preferential Allotment	14915	10/-	8840/-	Cash
November 20, 2021	Conversion of 14,915 CCPS to Equity shares	(14915)	10/-	NA	NA

b. Reclassification or sub-division of the authorised share capital;

The members of the Company at the extra-ordinary general meeting held on November 17, 2021 approved sub-division of Equity shares from face value of INR. 10/- to face value of INR.2/- per share.

c. Reduction of share capital or buy back of shares;

The Company has not reduced nor bought back any shares.

d. Change in the capital structure resulting from restructuring

Other than as disclosed above, there is no change in the capital structure resulting from restructuring.

e. Change in voting rights

There is no change in the voting rights.

3.2 Issue of equity shares with differential rights and Sweat Equity Shares-

During the financial year under review, the Company has neither issued equity shares with differential rights nor issued sweat equity shares in terms of Companies Act 2013.

3.3 Details of employee stock options

Pursuant to approval of the members of your Company dated October 29, 2021, the Company had adopted "Capillary Employees Stock Option Scheme– 2021" (hereinafter referred to as the "ESOP 2021"/ "Scheme") which was amended on November 30, 2021. Under the scheme, your Company grants share-based benefits to the eligible employees by granting stock options ("Options"), with a view to attract and retain talent in and within the Company, encourage employees to strive to perform better, and ultimately incentivize such employees who exhibit traits appreciated by the Company.

Disclosure as required under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 as on March 31,2022:

(a) options granted;	38,29,060
(b) options vested;	Nil
(c) options exercised;	Nil
(d) the total number of shares arising as a result of exercise of options;	Nil
(e) options lapsed(due to exit of employees):	14,045
(f) the exercise price;	Zero
(g) variation in terms of options;	Not applicable
(h) money realised by exercise of options;	Nil
(i) total number of options in force;	71,75,000
(j) employee wise details of options granted to: (i) Key Managerial Personnel;	(i) a) Aneesh Reddy Boddu- 9,49,720 (b) Mahendra Chordia[1]- 48,902 (c) G Bhargavi Reddy- 2,266

(ii) any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year;	(ii) Nil
(iii) Identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the Company at the time of grant.	(iii) a. Abhay Kumar Rao Deshpandey[2]- 12,54,000 b. Aneesh Reddy Boddu- 9,49,720

[1] Mahendra Chordia resigned as CFO & KMP effective from May 13, 2022.

[2] Abhay Kumar Rao Deshpandey resigned as Director of the Holding Company i.e Capillary Technologies International Pte. Ltd effective from August 3, 2022.

3.4 Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the employees-

During the financial year 2021-22 under review, no shares were held in trust for the benefit of employees where the voting rights are not exercised directly by the employee.

3.5 Issue of debentures, warrants, bonds or any non-convertible securities-

During the financial year under review, the Company has not issued debentures, warrants, bonds or any non-convertible securities in terms of Companies Act 2013.

4. Credit Rating of securities

During the financial year under review, your Company has neither obtained nor revised any credit rating in respect of securities.

5. Investor education and protection fund (IEPF)

During the financial year under review, disclosure pursuant to Investor Education and Protection Fund under sub-section (2) of section 125 of the Act and the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 are not applicable to your Company.

6. Management

6.1. Directors and Key Managerial Personnel

As on the date of this report, the Company has seven (7)directors consisting of five (5) Independent directors and two (2) Executive directors. The composition of the Board is in conformity with Section 149 and 152 of the Act.

None of the Directors on the Board:

- holds directorships in more than ten public companies;
- serves as Director or as independent directors in more than seven listed entities; and
- who are the Executive Directors serves as independent directors in more than three listed entities.
- are related to each other.

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022 have been made by the Directors.

The Key Managerial Personnel's of the Company as on March 31, 2022 are:

Sr. no	Name	Designation
01.	Mr. Aneesh Reddy Boddu	Executive and CEO
02.	Mr. Mahendra Chordia*	Chief Finance Officer
03.	Mrs. G Bhargavi Reddy	Company Secretary

Mahendra Chordia resigned as CFO & KMP effective from May 13, 2022.

a. Disqualification of Directors

None of the directors of the Company are disqualified pursuant to the provisions of Section 164 of Companies Act, 2013 or debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority.

b. Appointment / Resignation from the Board of Directors

- Mr. Aneesh Reddy Boddu (DIN-02214511), who is the founder of the Company and Director since 2015, was appointed by Board on November 20, 2021 and approved by the Shareholder's on November 24, 2021 as an Executive Director (category whole- time director & CEO) and a Key Managerial personnel of the Company, liable to retire by rotation, for a period of three years commencing from November 24, 2021 to November 23, 2024.
- Mr. Anant Choubey (DIN- 06536413), who is the co-founder of the Company and Director since 2020, was appointed by Board on November 20, 2021 and approved by the Shareholder's on November 24, 2021 as an Executive Director (category-whole-time director & COO) of the Company, liable to retire by rotation, for a period of three years commencing from November 24, 2021 to November 23, 2024.

- Mr. Farid Lalji Kazani (DIN 06914620), Mrs. Neelam Dhawan (00871445), Mr. Sameer Garde (DIN 02399137), Mr. Venkat Ramana Tadanki (DIN 00149481) and Mrs. Yamini Preethi Natti (DIN 06533367) were appointed as an additional directors in the capacity of Independent Directors on December 10, 2021 and shareholders through extra-ordinary general meeting on same day i.e December 10, 2021 have approved their appointments as Independent Directors for a term of three years with effect from December 10, 2021 to December 9, 2024, and not be liable to retire by rotation.
- Mr. Sameer Garde (DIN 02399137) was appointed as Independent Director in Capillary Pte Ltd and Mr. Venkat Ramana Tadanki (DIN 00149481) in Capillary Technologies LLC (Formerly Known as Persuade Loyalty LLC) Company's material subsidiaries pursuant to regulation 24 of SEBI (LODR). The Company is in the process of appointment of Mr. Sameer Garde in Capillary Technologies DMCC.
- Mr. Bollam Sridhar (DIN 05219739), resigned pursuant to section 168 of the Companies Act 2013 as Director of the Company with effect from December 10, 2021. The Board places on record its appreciation for the invaluable contributions and guidance provided by Mr. Bollam Sridhar, during his stint with the Company as Director. However, he continues to be employee of the Company.

c. <u>Directors retiring by rotation</u>

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Section 149 of the said Act, at least 2/3rd of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation and out of the Directors liable to retire by rotation, at least 1/3rd of the Directors shall retire by rotation at every Annual General Meeting.

In view of the above, Mr. Aneesh Reddy Boddu (DIN-02214511), who has been longest in office since his appointment, who is liable to retire by rotation and being eligible, offers himself for re-appointment, a resolution seeking shareholders' approval for his re- appointment forms part of the notice. The Board recommends his re-appointment.

d. <u>Declaration by Independent Director</u>

- The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate

Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

- Further, Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.
- The Independent Directors attend a Familiarization / Orientation Program on being inducted into the Board. Further, various other programmes are conducted for the benefit of Independent Directors to provide periodical updates on regulatory front, product, engineering, sales and marketing developments and any other significant matters of importance. The details of the Familiarization programmes provided by the Company is available on the Company's Website at https://www.capillarytech.com/investors.

  Further the Company issues a formal letter of appointment to the Independent Directors, outlining their role, function, duties and responsibilities, the format of which is available on the Company's Website at https://www.capillarytech.com/investors.
- During the year under review and as on date of this report:
  - except for payment of professional fee to Mr. Sameer Garde-Independent Director for availing advisory services, which is not exceeding 10% of his total income , the Company did not have any pecuniary relationship or transactions with any of its Directors, other than payment of remuneration / Incentive to the Executive Directors and payment of sitting fees to Independent Directors and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committees of the Company.
  - advisory services from M/s. Amir Advisory Services LLP, a reputed firm expertise in providing advisory services on Finance, Accounting, business restructuring, cost management, mergers and acquisitions and related areas of the Company for a tenure not exceeding a period of 6 months , for which they shall be paid INR. 1 lakh per day spent on the assignment but not exceeding total fee of INR. 13 lakh over a period of 6 Months, which is lesser than 10% of total gross turnover/ income of the said LLP. Mr. Farid Lalji Kazani (Independent Director) and his daughter are partners of the said LLP.
- In the opinion of the Board, all the independent directors appointed during the year are persons of integrity, possesses relevant expertise and experience

(including the proficiency).

- As required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as on date of this report the details of Independent Directors, pertaining to the online proficiency Self-Assessment test conducted by IICA are as below:

Sr. no	Name	Designation	Date of Registration	Online Proficiency Self-Assessment Test Exemption Status	Status of Online Proficiency Test
01.	Mrs. Neelam Dhawan	Chairperson (Independent Director)	19 Feb 2020	Exempted	Not Applicable
02.	Mr. Farid Lalji Kazani	Independent Director	21 Feb 2020	Exempted	Not Applicable
03.	Mr. Sameer garde	Independent Director	05 Oct 2021	Not Exempted	Not yet Passed
04.	Mr. Venkat Ramana Tadanki	Independent Director	18 Oct 2021	Not Exempted	Passed
05.	Mrs. Yamini Preethi Natti	Independent Director	01 Nov 2021	Not Exempted	Not yet Passed

e. Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013, your Company has complied with the requirement of having at least one Independent Woman Director on the Board of the Company. Mrs. Neelam Dhawan (00871445) Chairperson and Independent Woman Director and Mrs. Yamini Preethi Natti (DIN 06533367) Independent Women Director of the Company.

f. Changes in KMP

During the year under review and as on date of this report, following changes have taken place in the composition of whole time key managerial personnel ('KMP') as per provision of section 203 of the Companies Act 2013.

- Mr. Aneesh Reddy Boddu has been appointed as Executive director & CEO of the Company with effect from November 24, 2021.

- Mrs. Bhargavi G Reddy was appointed as a Company secretary & KMP of the Company on July 14, 2021 and designated as compliance officer effective from October 14, 2021.
- *Mr. Mahendra Chordia was appointed as a chief financial officer & KMP of the Company on August 31, 2021. However, he resigned as CFO & KMP effective from May 13, 2022.
- Mr. Anant Choubey Executive Director & COO was appointed as a chief financial officer & KMP of the Company with effect from September 02, 2022.

6.2 Board Meetings

Nineteen Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

Sr. no	Date of Meetings	No of Meeting Directors eligible to attend	No of Meeting Directors attended	% of Attendance
01	17-04-2021	3	3	100
02	14-07-2021	3	3	100
03	30-07-2021	3	3	100
04	25-08-2021	3	3	100
05	31-08-2021	3	3	100
06	04-10-2021	3	3	100
07	05-10-2021	3	3	100
08	14-10-2021	3	3	100
09	28-10-2021	3	3	100
10	29-10-2021	3	3	100
11	09-11-2021	3	3	100
12	16-11-2021	3	3	100
13	20-11-2021	3	3	100
14	26-11-2021	3	3	100
15	08-12-2021	3	3	100
16	10-12-2021	8	8	100
17	23-12-2021	7	7	100
18	24-12-2021	7	7	100
19	30-03-2022	7	7	100

6.3 Committees and Corporate Governance

As on March 31, 2022, the Board had the following seven (7) committees:

1. Audit Committee

2. Nomination & Remuneration Committee

3. Risk Management Committee

4. Stakeholders Relationship Committee

5. Corporate Social Responsibility Committee

6. Strategic and Business Development Committee and

7. Initial Public Offering ('IPO') Committee

The details of the composition, terms of references, and number of committee meetings held during FY 2022 and the attendance of the committee members at each meeting are given in the Report on Corporate Governance adopted voluntarily which forms a part of the Annual Report.

6.4 Recommendations of Audit Committee

There have been no instances during the year where recommendations of the Audit Committee were not accepted by the Board.

6.5 Company's Policy on Directors' appointment and remuneration

In compliance with Section 178 of the Companies Act 2013 , the Board has formulated a 'Nomination and Remuneration Policy' on Directors' appointment and remuneration including recommendation on remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a director.

The Policy is available on the Investors section of the website of your Company at https://www.capillarytech.com/investors/policies-and-codes.

6.6 Board Evaluation

The provisions of section 134 (p) of the Companies Act, 2013, with respect statement indicating the manner in which formal annual evaluation of the Board, its Committees and Individual Directors are not applicable to the Company, as the paid up share capital of the Company is less than INR.25 crore as on March 31,2022.

However, in a separate meeting of Independent Directors held on 30th March, 2022, the performance of Non Independent Directors, the Chairperson of the Board and the Board as a whole was evaluated by the Independent Directors.

6.7 Remuneration of Directors and Employees

- Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company as on March 31, 2022.
- Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered Office of the Company during working hours. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at secretarial@capillarytech.com.

6.8 Remuneration received by Managing/Whole time Director from holding or subsidiary Company

No managing or whole-time director of the Company is in receipt of any remunerations/ commission from holding Company or Subsidiary Company.

6.9 Directors' Responsibility Statement

Your Directors hereby confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6.10 Internal Financial Controls and its adequacy

Your Company has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

6.11 Quality Management System

Quality Policy

Your Company will consistently strive for customer success and committed to deliver excellence in services by continually improving processes and systems, aiding in creating return on investment to our clients.

Our strategy for continual quality improvement journey is derived based on the business needs, technology changes, customer feedback, suggestions and process performance.

Our Quality processes are derived from industry best practices as well as from our experience. Our processes have been assessed by external accredited agencies. Your Company has received accreditation on international Quality and process models, including ISO 9001:2015. Your Company is certified to Information Security standards like ISO 27001:2013, PCI DSS and SOC 2 Type 2 which guides our policies and procedures for protecting our SaaS product and platform and Corporate Information Infrastructure.

Engineering Practices:

Engineering practices form the corner stone to successful delivery and customer delight. At Capillary, we are a technology first team with emphasis on reducing toil through automation, standardization, data driven decision making, Observability and continuous process improvements to provide true value to our customers.

We trust our product and people are our most valuable assets. Our team of highly skilled agile developers build solutions through rapid prototypes using niche technology stacks to ensure our customer's trust in our product is not compromised. Solutions are developed iteratively by engaging customers as important stakeholders to ensure alignment with their needs. Some of the best practices in Engineering include but are not limited to –

Agile/Scrum Methodologies

We leverage the principles of Agile methodology to deliver reliable and quick solutions to our end customers.

Continuous Delivery

Automated build deployment and validation help us deliver features in short cycles while ensuring top notch quality.

Observability

Metrics form an important part of software delivery. No code is shipped without the supporting metrics. The ability to quickly understand impact, identify anomalies helps us in containing the impact to our end customers in case of issues.

CloudNative architecture

In-house developed infrastructure support creation of reliable and scalable systems with high performance and easier troubleshooting capabilities.

Test Driven Development

Well implemented test driven developments ensure high speed and quality deliverables through faster identification of bugs.

Pair Programming

Developers working in pairs help in critical code assessment and therefore a high quality code.

Root Cause Analysis

Focused effort on understanding the cause of failure, identifying gaps and areas of improvements while learning from mistakes is part of the engineering culture.

Continuous Process Improvements

Our technology project managed team is obsessed with constant monitoring and improvements in process to support the larger goal. Through Standardization and automation, any data required for quick decision in terms of dashboards and reports is just a click away.

We believe a great customer experience is a validation of the work we do and so have adequate feedback mechanisms to gather regular inputs from our customers and continuously improvise the end customer experience.

Customer Net Promoter Score (NPS)

We have a quarterly survey sent out to our customers capturing their feedback at multiple touchpoints of our operations. NPS is taken as a Company level objectives and key results and spans across teams of engineering, product and customer success. NPS scores are approached with a holistic plan to address gaps, pain points and wants of our customers on a periodic basis. Capillary ensures a consistent push towards higher NPS with each quarter.

Delivery Methodologies & Project Management

At Capillary we use an agile approach to deliver projects under implementation which follows a continuous process of planning, execution, and evaluation to deliver a smooth and efficient implementation experience to our customers.

Our delivery team uses an in-house project management approach to provide end to end visibility of the project to client and internal stakeholders at all levels of management. From the very beginning, we involve external stakeholders along with their project team, that ensures our customers derive value from Day-1.

6.12 Frauds reported by the Auditor

During the financial year under review, pursuant to provisions of the Section 143(12) of the Companies Act, 2013, the Auditor has not reported any incident of fraud to the Audit, Risk management Committee.

Your Company has adopted Fraud Prevention Policy. The Policy is available on the Investor Relations section of the website of your Company at https://www.capillarytech.com/investors/policies-and-codes.

6.13 Adoption and review of policies

The details of the policies approved and adopted by the Board & Committees as required under the Companies Act, 2013 and Securities and Exchange Board of India (SEBI) regulations to facilitate the Initial Public offering ('IPO') are provided in **Annexure I** to the Board's report.

6.14 Report on Corporate Governance

The Report on Corporate Governance of your Company adopted on voluntary basis forms a part of the Annual Report.

7. Disclosures relating to holding, subsidiaries, associates and joint ventures

As on March 31, 2022, our holding Company is Capillary Technologies International Pte Ltd ('CTIPL') which holds 4,90,40,407 equity shares together with its nominee, representing 98.06% of the issued, subscribed and paid-up equity share capital of our Company.

As on March 31, 2022, our Company had 7 (Seven) subsidiaries including 1 (one) direct and 6 (six) indirect outside India. There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”).

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company’s subsidiaries in Form No. AOC-1 as provided in **Annexure II** is attached to this report.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, and consolidated financial statements, are available on the Company’s website at https://www.capillarytech.com/investors/financial-information. A copy of separate audited financial statements of our subsidiaries shall be provided to any member of the company who asks for it. All the documents stated under sub-section (*1*) of section 136 is available for inspection at the Registered Office of the Company during working hours. Further, members by writing to the Company Secretary at the Registered Office of the Company or at secretarial@capillarytech.com may obtain a copy of the same.

8. Details of deposits

During the year, your Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

9. Particulars of loans, guarantees and investments

Pursuant to Section 186 of the Companies Act, 2013 disclosure on particulars relating to Loans, Advances, Guarantees and Investments (wherever applicable) are provided as part of the financial statements under note

10. Particulars of contracts or arrangements with related parties

All Related party transactions that were entered into during the financial year under review, were on an arm’s length basis, and in the ordinary course of business and are in compliance with the applicable provisions of the Act.

There were no materially significant Related Party Transactions made by the Company during the year that required shareholders’ approval under Companies Act 2013. All Related Party Transactions are placed before the Audit Committee post its constitution for prior approval. Further, prior omnibus approval of the Audit

Committee is obtained for the transactions which are repetitive in nature or when the need for these transactions cannot be foreseen in advance.

Accordingly, the disclosure of the particulars of the related party transactions in form AOC -2 as required under Section 134(3) (h) of the Act is not applicable.

The details of related party transaction as per accounting standards is provided in Note 36 of Notes to Financial Statements (Standalone) and Note 36 of Notes to Financial Statements (Consolidated).

To facilitate Initial Public Offer, your Company had adopted 'Policy on dealing with Related Party Transactions' ("RPT Policy"). The Board at its meeting held March 30, 2022 amended the policy to align with LODR (listing regulation) requirements pursuant to the recommendation from Audit Committee. The transactions entered by your Company with its related parties were in compliance with the RPT Policy and in the best interest of your Company. The RPT Policy is available on the Investor Relations section of the website of your Company at https://www.capillarytech.com/investors/policies-and-codes.

11. Corporate Social Responsibility (CSR)

As per the provisions of the Companies Act, 2013, a Company meeting the specified criteria shall spend at least 2% of its average net profits for three immediately preceding financial years towards CSR activities. Accordingly, your Company spent INR. 14,66,308/- towards CSR activities during the financial year 2021-22.

Your Company seeks to integrate its business values with its operations so it may undertake its business activities in an ethical and transparent manner. Further, it seeks to improve its fulfilment of social responsibilities and enhance the economic practices in an attempt to create a positive impact on the society. It partake in a variety of drives and events related to the economic, social and environmental welfare of our surroundings. It is committed towards its obligations to society and have a defined corporate social responsibility policy that is aimed at improving the lives of the communities in which it operate in a sustainable way.

The CSR project undertaken by your Company during the financial year 2021-22 comprised of community-based organizations that were directly helping the community to access services and benefits that were provided by the Government.

Highlights of the Project achievements

- The project supported more than 300 children of 9 schools and 9 anganwadis of 9 villages; in general, 300 children and anganwadi kids, workers, teachers and more than 130 women got benefits out of the project.

- The project provided the infrastructure building materials/furniture to 9 schools and 9 anganwadis of project area, provided toilet facilities to 2 schools and engaged in the renovation of play grounds.

- Provided educational and extra-curricular aids to schools and anganwadi children.

- Supported children to participate actively in sports and extra-curricular activities, subsequently providing life skills sessions to children.

- Improved the quality of teaching and learning system of schools by eventually providing educational kits. Set up libraries in 9 schools and encouraged children to improve their knowledge.

- Conducted awareness programmes on health seeking behavior of self-help group women and mothers; built capacity of community stakeholders through workshop and trainings; grama panchayat members, teachers and members of School development committees of 9 villages were part of the events.

The contents of the CSR policy and CSR Report notified in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated January 22, 2021, is attached as **Annexure III** to this report. CSR policy is available on the Company's website at https://www.capillarytech.com/investors/policies-and-codes.

The terms of reference of CSR committee, framed in accordance with Section 135 of the Companies Act, 2013, forms part of corporate governance report. The Committee consists of two Independent Directors and One Executive Director.

Sr. no	Name of Director	Category
01.	Mrs. Yamini Preethi Natti	Chairperson and ID
02.	Mr. Anant Choubey	Member, Executive Director & COO
03.	Mr. Sameer Garde	Member and ID

12. Conservation of energy, technology absorption, foreign exchange earnings and outgo.

Company is part of Saas ('software as a service') industry and does not operate any machineries, production facilities etc. As a part of corporate citizen, our Company's commitment is to improve community well-being through voluntary business practices and contribution of corporate resources leading to sustainable growth. Also, our CSR policy is well aligned to our business goals and meets or exceeds, the ethical, legal, commercial and public expectations that society has of business. Some of the steps and practices followed by the Company:

(a) Conservation of energy –

(i) the steps taken or impact on conservation of energy;	▪ Usage of Laptops instead of desktops. ▪ Turning off lights, monitors when not in use. ▪ Turning of AC's when not in use. ▪ Usage of LED lights for all lighting solutions etc.
(ii) the steps taken by the Company for utilising alternate sources of energy;	As the Company does not operate any machineries, production facilities etc. the consumption of energy is very low to minimal. Hence the requirement of having alternate sources of energy is not needed.
(iii) the capital investment on energy conservation equipments.	Due to the reasons as stated above in (ii) the Company has not made any capital investment on energy conservation equipments.

(b) Technology absorption –

(i) the efforts made towards technology absorption;	*There was no external technology absorbed into the product during this time period.* The internally developed software and tools have helped us improve the user efficiency, and user experience and also provide various improved features and functionalities in the enterprise loyalty and engagement activities for businesses and their users. These include

	- New dashboard for Loyalty+ platform where users can see the loyalty program performance in an easy manner. - New Loyalty Promotions configuration module to set up complex promotions using an easy-to-use rule/expression editor. - Journeys canvas to create complex engagement journeys using a visual drag-and-drop editor. We also added various default templates which can be used to setup 1-click campaign journeys. - Enhancement to the Promotions Engine to configure various cart promotions which can be evaluated in real-time along with other loyalty incentives for a customer making a transaction. - Enhancements to the Essential Insights user experience to make standard reports easily accessible.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	- Continuous improvement of the product user experience. This is measured through increased product satisfaction score which is a strong indicator of customer retention. - Improved campaign and loyalty program ROI for the business users. - Reduced cost of technology import by developing these tools/software internally on a timely manner.
(iii) in case of imported technology (imported during the last three years	

reckoned from the beginning of the year under reference) – a) details of the technology imported; b) the year of import; c) whether the technology has been fully absorbed and if not, areas where absorption has not taken place, and the reasons thereof;	Your Company has not imported any technology during the last three years.
(iv) the expenditure incurred on Research and Development.	Nil

(c) Foreign exchange earnings and Outgo –

Particulars	FY 2021-22 (INR)	FY 2020-21 (INR)
Inflow	95,94,38,823/-	61,13,45,559/-
Outflow	144,69,579/-	146,84,089/-

13. Risk Management

Your Company has a well-defined risk management framework in place. The Board of Directors ("Board") of the Company oversee the development of Risk Management Policy and the establishment, implementation and monitoring of the Company's risk management system, in accordance with the policy. The Risk Management Committee reviews, assess and formulate the risk management system and policy of our Company from time to time and recommend for amendment or modification thereof, which shall include among others:

- A framework for identification of internal and external risks specifically faced by our Company, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the committee;
- Measures for risk mitigation including systems and processes for internal control of identified risks; and
- Business continuity plan;

The details of the Risk Management Committee are given in corporate governance report which forms a part of Annual Report. The Risk Management Policy adopted by the Company is available at https://www.capillarytech.com/investors/policies-and-codes.

14. Vigil mechanism

The Company has adopted a Vigil Mechanism Policy to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the standards, codes of conduct or policies adopted by the Company from time to time. The Company is committed to adhering to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express their concerns without fear of punishment or unfair treatment. The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Vigilance Officer. The Whistle Blower Policy adopted by the Company is available on Website of the Company at https://www.capillarytech.com/investors/policies-and-codes.

15. Material orders of judicial bodies /regulators

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

16. Auditors

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W/W-E300004), were appointed as the Statutory Auditors of the Company at the AGM held on September 30, 2017 for a term of five consecutive years from the conclusion of 5th Annual General Meeting ("AGM ") till the conclusion of 10th AGM of the Company.

The Report given by the Statutory Auditors on the standalone financial statements of the Company and the consolidated financial statements of the Company for the financial year ended March 31, 2022 forms part of this Annual Report.

In view of the requirement of mandatory rotation of the Statutory Auditors in accordance with the requirements of Section 139 of the Act and on the basis of recommendation of the Audit Committee, the Board has recommended the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration no. 001076N/N500013), as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of 10th AGM till the conclusion of 15th AGM of the Company.

M/s. Walker Chandiok & Co LLP, Chartered Accountants, have submitted a certificate, as required under Section 139(1) of the Act confirming that they meet the criteria provided in Section 141 of the Act. Their appointment is subject to the approval of the shareholders of the Company at the ensuing AGM.

17. Secretarial Audit

The provisions of appointment of Secretarial Auditor pursuant to section 204 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013 are not applicable to your Company during the financial year 2021-22.

18. Cost & Internal Audit

a. The provisions of appointment of Cost Auditor pursuant to section 146 read with Companies (Cost Records and Audit) Rules, 2014 are not applicable to your Company during the financial year 2021-22.

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not required by the Company and accordingly such accounts and records are neither made and nor maintained.

b. The provisions of appointment of Internal Auditor pursuant to section 138 read with Companies (Accounts) Rules, 2014 of the Companies act 2013 is not applicable to your Company during the financial year 2021-22.

19. Explanations in response to auditors' qualifications

There are certain qualifications and observations made by the Statutory Auditors in their Report and the Board's response to the comments is annexed **Annexure IV** to this report.

20. Compliance with secretarial standards

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by Institute of Company Secretaries of India ('ICSI'). The Company has also voluntarily adopted & complied with SS-4 (Report on Board of Directors).

21. Corporate insolvency resolution process initiated under the insolvency and bankruptcy code, 2016 (IBC)

There are no proceedings initiated/pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.

22. Failure to implement any corporate action

During the year under review, there was no instances where Company has failed to complete or implement any corporate action within the specified time limit.

23. Annual Return

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013 read with the rules made thereunder, the Annual Return (Form MGT-7) of the Company has been disclosed on the website of the Company and Web Link thereto is: https://www.capillarytech.com/investors/annual-return.

24. Other disclosures

(a) The consolidated financial statement is also being presented in addition to the standalone financial statement of the Company.

(d) The Company has not opted for any one time settlement from the Banks or Financial Institutions.

25. Disclosures pertaining to the sexual harassment of women at the workplace (prevention, prohibition and redressal) act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) and the rules made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The details of complaints pertaining to sexual harassment that were filed, disposed of and pending during the financial year are provided in the corporate governance report.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

26. Green Initiatives

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 10th Annual General Meeting of the Company including the Annual Report for FY 2021-22 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

27. Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

Your directors sincerely appreciate all employees of the Company and its Holding and subsidiaries for their hard work and commitment.

On behalf of the Board of Directors
For Capillary Technologies India Limited

Sd/-

Aneesh Reddy Boddu
Whole Time Director and CEO
(DIN: 02214511)
Date: 13/09/2022
Place: Bangalore

Sd/-

Anant Choubey
Whole Time Director, CFO & COO
(DIN: 06536413)
Date: 13/09/2022
Place: Bangalore

Annexure-I

Key policies that have been adopted are as follows:

Name of the policy	Brief description	Web link
Code of conduct of Board of Directors and Senior Management Personnel	The Company has adopted the Code of conduct of Board of Directors and Senior Management Personnel in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Policy on Materiality of and dealing with Related Party Transactions	The Company has adopted the Policy on Materiality of and dealing with Related Party Transactions in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Policy for determining material Subsidiaries	The Company has adopted the Policy for determining material Subsidiaries in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Dividend Distribution Policy	The Company has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of applicable laws. The policy was adopted effective from November 26, 2021.	https://www.capillarytech.com/investors/policies-and-codes

Fraud Prevention Policy	The Company has adopted the Fraud Prevention Policy in accordance with the provisions of applicable laws. The policy was adopted effective from March 30, 2022.	https://www.capillarytech.com/investors/policies-and-codes
Vigil Mechanism Policy	The Company has adopted the Vigil Mechanism Policy to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct etc in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Corporate Social Responsibility Policy	The Company has adopted the Corporate Social Responsibility Policy in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Insider Trading Prohibition Code	The Company has adopted the code of conduct to regulate, monitor and report trading in securities of the company & Fair disclosure code in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Nomination and Remuneration Policy	The Company has adopted the Nomination and Remuneration Policy in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes

Policy on Diversity of Board of Directors	The Company has adopted the Policy on Diversity of Board of Directors in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/investors/policies-and-codes
Risk Management Policy	The Company has adopted the Risk Management Policy in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021	https://www.capillarytech.com/investors/policies-and-codes
Policy on Familiarisation Programmes for Independent Directors	The Company has adopted the Policy on Familiarisation Programmes for Independent Directors in accordance with the provisions of applicable laws. The policy was adopted effective from September 02, 2022.	https://www.capillarytech.com/investors/policies-and-codes
Policy for Performance Evaluation of Board	The Company has adopted the Policy for Performance Evaluation of Board in accordance with the provisions of applicable laws. The policy was adopted effective from September 02, 2022	https://www.capillarytech.com/investors/policies-and-codes
Policy of POSH at Workplace	The Company has adopted the Policy of POSH at Workplace in accordance with the provisions of applicable laws.	https://www.capillarytech.com/investors/policies-and-codes
Succession Policy for Board and Senior Management.	The Company has adopted the Succession Policy for Board and Senior Management in accordance with the provisions of applicable laws. The policy was adopted effective from September 02, 2022	https://www.capillarytech.com/investors/policies-and-codes

On behalf of the Board of Directors
For Capillary Technologies India Limited

Sd/-	Sd/-
Aneesh Reddy Boddu	**Anant Choubey**
Whole Time Director and CEO	**Whole Time Director, CFO & COO**
(DIN: 02214511)	**(DIN: 06536413)**
Date: 13/09/2022	**Date: 13/09/2022**
Place: Bangalore	**Place: Bangalore**

Annexure-II

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint ventures

Part A Subsidiaries (Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No	Name of the subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserves and surplus	Total assets	Total Liabilities	Investments	Profit before taxation	Provision of taxation	Profit after taxation	Proposed Dividend	Extent of shareholding (in percentage)
01.	Capillary Pte. Ltd. ("CPL")	Aug 30, 2021	Mar 31, 2022	INR	934710000	651850000	3341120000	1708790000	1858330000	-151440000	5580000	-157020000	NIL	100%
02.	Capillary Technologies LLC	Sep 1, 2021	Mar 31, 2022	INR	68201751	35143481	215329620	111984388	NIL	38014892	NIL	38014892	NIL	*100%

	(Formerly known as Pursuade Loyalty LLC)													
03.	Pursuade Holdings Inc.	Sep 1, 2021	Mar 31, 2022	INR	66902	(-) 50000	50000	30000	NIL	NIL	NIL	NIL	NIL	100%
04.	Capillary Technologies (Shanghai) Co Ltd	Nov 22, 2021	Mar 31, 2022	INR	507030000	-489130000	52660000	34760000	NIL	-9330000	NIL	-9330000	NIL	100%
05.	Capillary Technologies DMCC ("Capillary Dubai")	Nov 22, 2021	Mar 31, 2022	INR	1010000	-630950000	18314000 0	813080000	NIL	-212549798	NIL	-212549798	NIL	100%
06.	Capillary Technologies (Malaysia) SDN BHD	Nov 22, 2021	Mar 31, 2022	INR	8680000	-101140000	16268995	108728995	NIL	-48700000	NIL	-48700000	NIL	100%
07.	PT Capillary Technologies Indonesia ("Capillary Indonesia")	Nov 22, 2021	Mar 31, 2022	INR	1590000	-53238133	41561866	93210000	NIL	-26404835	202677	-26607512	NIL	100%

Notes:

1. Our Company holds 24,24,694 units in PLC, through our subsidiary, Capillary Pte. Ltd. (one unit is held by James Vincent Sturm in the capacity as a nominee unit holder, on behalf of Capillary Pte. Ltd. Who is the beneficial owner of the unit) aggregating to 100% of the unit capital of PLC.

On behalf of the Board of Directors
For Capillary Technologies India Limited

Sd/-	Sd/-
Aneesh Reddy Boddu	**Anant Choubey**
Whole Time Director and CEO	**Whole Time Director, CFO & COO**
(DIN: 02214511)	**(DIN: 06536413)**
Date: 13/09/2022	**Date: 13/09/2022**
Place: Bangalore	**Place: Bangalore**

Annexure III

Annual report on CSR activities

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. Brief outline on CSR Policy of the Company.

As a responsible corporate citizen, your Company's commitment to Corporate Social Responsibility (CSR) is integrated with the business and is synonymous with your Company's values.

CSR Vision:

The Company is committed to improving the lives of the communities in which it operates in a sustainable way. It aspires to be a responsible corporate citizen, by contributing to the nation building through its CSR Projects / Programs, in true letter and spirit. The CSR Vision of the Company is to build relationships of trust with local communities, societies and stakeholders as good corporate.

Focus Areas:

The Company shall undertake CSR Projects / Programs that are aligned with areas listed in Schedule VII of the Act, within the geographical limits specified under the Act, for the benefit of marginalized, disadvantaged and underserved sections of the community and the environment.

2. Composition of CSR Committee:

The composition of the CSR Committee is in compliance with Section 135 of the Act. The Company Secretary acts as the Secretary of the Committee. The composition of the CSR Committee together with attendance of the members at the Committee meetings held during the year, are as under:

Sr. No	Name of Director	Designation / Nature of Directorship	*Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
01.	Mrs. Yamini Preethi Natti	Chairperson and Independent Director	01	01
02.	Mr. Anant Choubey	Member- Executive Director & COO	01	01
03.	Mr. Sameer Garde	Member- Independent Director	01	01

*The CSR Committee was constituted on December 10, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The composition of the CSR committee is available on our website, at https://www.capillarytech.com/about-us/leadership.

The CSR Policy of the Company is available on our website, at https://www.capillarytech.com/investors/policies-and-codes.

CSR projects - https://www.capillarytech.com/investors/corporate-governance

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

As per Rule 8(3)(a) of the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021, the company does not have an average CSR obligation of INR. 10 Crore or more in the three immediately preceding financial years, therefore the company is not required to undertake an impact assessment through an independent agency.

However, our internal department shall remain in constant touch with the beneficiaries of the CSR spending and an impact study shall be prepared by the Management Team, which shall be placed for consideration of the committee members upon the close of the Financial Year.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sr. No	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
01.	Nil	Nil	Nil

6. Average net profit of the company as per section 135(5)- INR. 6,65,47,973/-

7. (a) Two percent of average net profit of the company as per section 135(5)- INR. 13,30,959/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- Nil

(c) Amount required to be set off for the financial year, if any- Nil

(d) Total CSR obligation for the financial year (7a+7b+7c)- INR. 13,30,959/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer.
14,63,390/-	Nil	-	-	Nil	-

(b) Details of CSR amount spent against ongoing projects for the financial year- Nil

(c)Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. no	Name of the project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation – Direct (Yes/No).	Mode of implementation – Through implementing agency.	
				State	District			Name	CSR Registration number.
01.	Yelachamanahalli Lower Primary School	(ii)	Yes	Karnataka	Bangalore	143000/-	Yes	Not applicable	Not applicable
02.	Doddadenahalli Higher Primary School	(ii)	Yes	Karnataka	Bangalore	125100/-	Yes	Not applicable	Not applicable
03.	Halasinakayipura Lower Primary School	(ii)	Yes	Karnataka	Bangalore	215100/-	Yes	Not applicable	Not applicable
04.	Govindapura Lower Primary School	(ii)	Yes	Karnataka	Bangalore	134890/-	Yes	Not applicable	Not applicable
05.	Guguttahalli Lower Primary School	(ii)	Yes	Karnataka	Bangalore	121100/-	Yes	Not applicable	Not applicable
06.	Chikkanallala Higher Primary School	(ii)	Yes	Karnataka	Bangalore	146900/-	Yes	Not applicable	Not applicable
07.	Seethanayakahalli Lower Primary School	(ii)	Yes	Karnataka	Bangalore	120600/-	Yes	Not applicable	Not applicable

08.	Gonekanahalli Lower Primary School	(ii)	Yes	Karnataka	Bangalore	56329/-	Yes	Not applicable	Not applicable
09.	Appasandra Lower Primary School	(ii)	Yes	Karnataka	Bangalore	137429/-	Yes	Not applicable	Not applicable
10	Miscellaneous items to above schools	(ii)	Yes	Karnataka	Bangalore	39,864/-	Yes	Not applicable	Not applicable
11.	Christ University	Designining, Monitoring & Evaluation of CSR Project	Not applicable	Not applicable	Not applicable	2,23,026 /-	Yes	Not applicable	Not applicable
Total						**14,63,390/-**			

(d) Amount spent in Administrative Overheads- Nil

(e) Amount spent on Impact Assessment- Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

(g) Excess amount for set off, if any

Sr. no	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	13,30,959/-
(ii)	Total amount spent for the Financial Year	14,63,390/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,32,431/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1,32,431/-

9. (a) Details of Unspent CSR amount for the preceding three financial years-

Sr. no	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
01	-	Nil	-	-	Nil	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. no	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
01	-	Nil	-	-	Nil	-	-	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s)- None

(b) Amount of CSR spent for creation or acquisition of capital asset- Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Not applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)- Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)- Not applicable

On behalf of the Board of Directors
For Capillary Technologies India Limited

Sd/-	Sd/-
Aneesh Reddy Boddu	**Yamini Preethi Natti**
Whole Time Director and CEO	**Chairperson of CSR Committee &**
(DIN: 02214511)	**Independent Director (DIN: 06533367)**
Date: 13/09/2022	**Date: 13/09/2022**
Place: Bangalore	**Place: Bangalore**

Annexure IV

Management replies to qualification in Independent Auditor's Report

Audit Qualifications	Management comments
Qualification The Company has trade receivables (including unbilled revenue of ₹ 331.37 Million) aggregating to ₹ 1,011.94 Million as on March 31, 2022, which is outstanding from its Wholly Owned Subsidiary ('WOS'). The management of the Company is evaluating various measures including additional funding in WOS (subject to receipt of regulatory approvals) and has also realized ₹ 193.84 Million of the outstanding receivables as stated above as on the date of this report. However, considering the current financial position of the WOS in view of the losses, significant working capital deficit and the uncertainty around the funding post receipt of requisite regulatory approvals as on the date of this report, we are unable to comment on the recoverability of the aforesaid receivables and its consequential impact on compliance with various regulations in the accompanying standalone Ind AS financial statements.	The Company has evaluated multiple options and initiated necessary steps to repay these intercompany receivables including seeking approval from RBI to make investments in the WOS which is awaited shortly.

Management replies to Annexure 'I' of 'Report on Other Legal and Regulatory Requirements' of Auditor's Report

Audit observations	Management comments
(ii)(b) As disclosed in note 13(6) to the accompanying standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis	This is a statement of fact. Further the Company has submitted Management Information System ('MIS') on quarterly basis, which is duly accepted by the bank.

of security of current assets of the Company. The Company does not have a process of preparing the financial statements on a quarterly basis. Accordingly, the quarterly statements filed by the Company with such banks cannot be reconciled with the books of accounts of the Company and hence we are unable to comment on the same.	Further, the Company was a private limited Company and wholly owned subsidiary till November, 2021, hence preparation of quarterly financial statement does not arise.
(ix) (f) The Company has raised loans during the year on the pledge of securities held in its subsidiaries as per details below. However, the pledge has not been created by the Company. Further, the Company has not defaulted in repayment of such loans raised. Nature Of loan taken: Term loan Name of lender: Innoven Capital India Private Limited Amount involved: ₹ 215 Million Name of the subsidiary: Capillary Pte Ltd, Singapore Relation: Wholly Owned Subsidiary Details of Security to be Pledged: Investment in equity shares The Company does not have any associates or joint ventures.	The Company has obtained a waiver letter from the lender for pledging of shares of Capillary Pte. Ltd. Owing to the same, the shares are not pledged by the Company as on the date of the audit report
(xvii) Without considering the consequential effects, if any, of the matter stated in the 'Basis for Qualified Opinion' paragraph of our auditors' report, the Company has incurred cash losses in the current financial year amounting to ₹ 185.42 Million. The Company has not incurred cash losses in the immediately preceding financial year.	This is a statement of fact.

(xix) Without considering the consequential effects, if any, of the matter stated in the 'Basis for Qualified Opinion' paragraph of our auditors' report and on the basis of the financial ratios disclosed in note 39 to the standalone Ind AS Financial Statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the uncertainty around recoverability of trade receivables as stated above, losses incurred by the Company during the year and accumulated losses of Rs. 1,540.91 Million as at March 31, 2022 and the letter of financial support obtained by the Company from one of the investors of the Holding Company, nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date. We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.	This is a statement of fact and self-explanatory

Corporate Governance Report

The guidelines issued on Corporate Governance under regulation 34 (3) read with schedule V of Securities and exchange board of India (Listing obligations and disclosure requirements) regulations, 2015 do not apply to Capillary Technologies India Limited ('Us' or 'We' or 'Company') as on date of this report, since we are yet to get ourselves listed on NSE & BSE. Considering we have filed Draft Red herring Prospectus ('DRHP') with SEBI, as a matter of good corporate practice, we present this report on the matters covered by the said guidelines applicable to us.

1. A brief statement on entity's philosophy on code of governance

Corporate governance for us is a process, customs, policies and laws that direct the organizations in the way they act or administer and control operations. It works to achieve the goal of the organization and manages the relationship among the stakeholders including the board of directors and the shareholders. As a Company we promote investor confidence, transparency, & ensures that all our shareholders fully exercise their rights and that the organization fully recognizes their rights. Not only we comply the law in letter and in spirit we have taken additional steps to abide by the principle even if these steps are not mentioned specifically in the law/regulations. Further, we are committed to observe the laws of the land in every country in which we operate.

(2) Board of directors:

As on the date of this Report, the Company has Seven (7)Directors consisting of Five (5) Independent Directors and two (2) Executive Directors. The composition of the Board is in conformity with Section 149 and 152 of the Act.

(a) Composition and category of directors

Name	Designation	Category
Mrs. Neelam Dhawan	Chairperson	Independent
Mr. Anant Choubey	Member	Executive
Mr. Aneesh Reddy Boddu	Member	Executive
Mr. Farid Lalji Kazani	Member	Independent
Mr. Sameer Garde	Member	Independent
Mr. Venkat Ramana Tadanki	Member	Independent
Mrs. Yamini Preethi Natti	Member	Independent

(b) Attendance of each director at the meeting of the board of directors and the last annual general meeting;

Name	Board meeting Entitled Attend	Board Meeting Attended	Whether present in AGM held on 09-09-2021
Mrs. Neelam Dhawan*	4	4	NA
Mr. Anant Choubey	19	19	Yes
Mr. Aneesh Reddy Boddu	19	19	Yes
Mr. Farid Lalji Kazani*	4	4	NA
Mr. Sameer Garde*	4	4	NA
Mr. Venkat Ramana Tadanki*	4	4	NA
Mrs. Yamini Preethi Natti*	4	4	NA
Mr. Sridhar Bollam*	16	16	Yes

* All Independent Directors were appointed effective from December 10, 2021 & * Mr. Sridhar Bollam resigned as Director with effective from December 10, 2021.

(c) Number of other board of directors or committees in which a director is a member or chairperson.

Name of the Director and DIN	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies		Directorship in other listed entity (Category of Directorship)
	Chairperson	Member	Chairperson	Member	
Mrs. Neelam Dhawan DIN:00871445	1	2	1	1	ICICI Bank Limited (Independent Director)
Mr. Anant Choubey DIN:06536413	-	-	-	1	-

Mr. Aneesh Reddy Boddu DIN:02214511	-	-	-	1	-
Mr. Farid Lalji Kazani DIN: 06914620	-	-	1	1	-
Mr. Sameer Garde DIN: 02399137	-	-	1	-	-
Mr. Venkat Ramana Tadanki DIN: 00149481	-	-	-	1	-
Mrs. Yamini Preethi Natti DIN: 06533367	-	-	-	-	-

*chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone is considered.

(d) Number of meetings of the board of directors held and dates on which held;

Board Meeting: Nineteen Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days.

Sr. no	Date of Meetings	No of Meeting Directors eligible to attend	No of Meeting Directors attended	% of Attendance
01	17-04-2021	3	3	100
02	14-07-2021	3	3	100
03	30-07-2021	3	3	100
04	25-08-2021	3	3	100
05	31-08-2021	3	3	100
06	04-10-2021	3	3	100
07	05-10-2021	3	3	100
08	14-10-2021	3	3	100
09	28-10-2021	3	3	100
10	29-10-2021	3	3	100
11	09-11-2021	3	3	100
12	16-11-2021	3	3	100
13	20-11-2021	3	3	100
14	26-11-2021	3	3	100
15	08-12-2021	3	3	100

16	10-12-2021	8	8	100
17	23-12-2021	7	7	100
18	24-12-2021	7	7	100
19	30-03-2022	7	7	100

(e) Disclosure of relationships between directors inter-se;

None of the Directors and Key Managerial Personnel of the Company are inter-se related in any way.

(f) Number of shares and convertible instruments held by non- executive directors;

Name	Category	Number of Equity Shares
Mrs. Neelam Dhawan	Independent Director	19,946
Mr. Farid Lalji Kazani	Independent Director	50,000*
Mr. Sameer Garde	Independent Director	5,330
Mr. Venkat Ramana Tadanki	Independent Director	107,826*
Mrs. Yamini Preethi Natti	Independent Director	3,997

* Farid Lalji Kazani held 86407 shares & Venkat Ramana Tadanki held 97826 shares as on March 31, 2022. The above indicates equity shares held as on the date of this report. * The Company has not issued any convertible instruments.

(g) web link where details of familiarisation programmes imparted to independent directors is disclosed.

The Independent Directors attend a Familiarization / Orientation Program on being inducted into the Board. Further, various other programmes are conducted for the benefit of Independent Directors to provide periodical updates on regulatory front, product, engineering, sales and marketing developments and any other significant matters of importance. The details of Familiarization programmes are available on the Company's Website at https://www.capillarytech.com/investors.

(h) A chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:

Pursuant to Schedule V, Part C of SEBI LODR Regulations, 2015 read with Amendments thereof, below are the list of core skills/expertise/ competencies identified by the Board of Directors for the year under review as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board:

Sr. No	Name of Director	skills/expertise/competence

01	Mrs. Neelam Dhawan	Wide Management, Functional and leadership experience, Information Technology, diversity, personal values, Leadership, technical operations, Corporate Governance and Business Strategy
02	Mr. Anant Choubey	Wide Management, Functional and Technical Experience, Financial Management, Leadership, Information Technology, Customer Success, Personal Values, Board & Corporate Governance and Business Strategy
03	Mr. Aneesh Reddy Boddu	Wide Management, Functional, Technical and leadership experience, Operations, Information Technology, Sales, Marketing personal values, Board & Corporate Governance and Business Strategy
04	Mr. Farid Lalji Kazani	Wide management, Functional and leadership experience, Personal Values, Financial Management, Corporate Governance and Business Strategy
05	Mr. Sameer Garde	Wide Management, Functional, Technical and leadership experience, Sales and Marketing, Information Technology, Personal Values, Diversity and Business Strategy
06	Mr. Venkat Ramana Tadanki	Wide Management, Functional and leadership experience, Financial Management, personal Values Diversity, Board & Corporate Governance and Business Strategy
07	Mrs. Yamini Preethi Natti	Wide Management and leadership experience Information Technology, Personal Values, Diversity and Business Strategy

(i) The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.

(j) There were no resignation of any independent director before the expiry of his /her tenure for the reporting period.

3. Committees of the Board

a. Audit Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act. ▪ oversight of financial reporting process. ▪ recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of our Company and the fixation of the audit fee; ▪ examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval ▪ evaluation of internal financial controls and risk management systems; ▪ reviewing the functioning of the whistle blower mechanism;	1. Mr.Farid Lalji Kazani- Chairman – Independent Director 2. Mr.Anant Choubey- Member- Executive Director 3. Mrs. Neelam Dhawan- Member – Independent Director 4. Mr.Venkat Ramana Tadanki- Member- Independent Director The Company Secretary shall act as the secretary to the Audit Committee and CFO shall be permanent invitee of the Committee.	Audit Committee was constituted on December 10, 2021. Two Audit Committee meetings were held during the year under review.

b. Nomination and Remuneration Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act. ▪ identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director); ▪ formulation of criteria for evaluation of independent directors and the Board;	1. Mr.Venkat Ramana Tadanki- Chairman – Independent Director 2. Mrs. Neelam Dhawan- Member – Independent Director 3. Mrs. Yamini Preethi Natti- Member- Independent Director Company Secretary of the Company shall act as the secretary to the Nomination and Remuneration Committee.	NRC Committee was constituted on December 10, 2021. One NRC Committee meeting was held during the year under review.

- The Board has approved & adopted Nomination and Remuneration policy of Directors, Key Managerial Personnel and Senior Management ("Policy") of the Company dated November 20, 2021.
- Nomination and Remuneration Committee has approved & adopted Performance evaluation policy dated March 10, 2022.

c. Stakeholders Relationship Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) Meetings and attendance during the year.

Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. ▪ resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.; ▪ review of measures taken for effective exercise of voting rights by shareholders; ▪ review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent; and ▪ review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices	1. Mr. Sameer Garde- Chairman – Independent Director. 2. Mr. Aneesh Reddy Boddu- Member- Executive Director 3. Mr. Farid Lalji Kazani- Member – Independent Director Company Secretary of the Company shall act as the secretary to the Stakeholders' Relationship Committee.	Stakeholders Relationship Committee was constituted on December 10, 2021. One Stakeholders relationship Committee meeting was held during the year under review.

by the shareholders of the Company.		

Name and designation of the compliance officer;	G Bhargavi Reddy Company Secretary & Compliance Officer **Capillary Technologies India Limited** #36/5, 2nd Floor, Somasandra Palya adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN Tel: +91 80416 09498 Email: secretarial@capillarytech.com
number of shareholders' complaints received during the financial year	Nil
number of complaints not solved to the satisfaction of shareholders;	Nil
number of pending complaints.	Nil

d. Risk Management Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Committee is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations. ▪ to review, assess and formulate the risk management system and policy of our Company ▪ A framework for identification of internal and external risks specifically faced by our Company, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and	1. Mrs. Neelam Dhawan-Chairperson – Independent Director 2. Mr. Anant Choubey – Member- Executive Director 3. Mr. Farid Lalji Kazani-Member – Independent Director 4. Mr. Sameer Garde-Member–Independent Director Company Secretary of the Company shall act as the secretary to the Risk Management Committee and CFO shall be	Risk management Committee was constituted on December 10, 2021. One RM Committee meeting was held during the year under review.

governance related risks), information, cyber security risks or any other risk as may be determined by the committee; ▪ to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; ▪ to review the appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;	permanent invitee of the Committee.	

e. Corporate Social Responsibility Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Committee is constituted in line with the provisions of 135 of the Companies Act 2013. ▪ formulate and recommend to the Board, a "Corporate Social Responsibility Policy". ▪ review and recommend the amount of expenditure to be incurred on the activities ▪ monitor the corporate social responsibility policy of our Company	1. Mrs.Yamini Preethi Natti- Chairperson – Independent Director. 2. Mr. Anant Choubey- Member- Executive Director. 3. Mr. Sameer Garde- Member – Independent Director. Company Secretary of the Company shall act as the secretary to the Corporate Social Responsibility Committee and CHRO (Chief Human Resource officer or Equivalent to the	Corporate Social Responsibility Committee was constituted on December 10, 2021. One CSR Committee meeting was held during the year under review.

and its implementation from time to time. ▪ any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.	same) shall be permanent invitee of the Committee.	

f. Strategic Business Development Committee

(a) brief description of terms of reference;	**(b) composition, name of members and chairperson;**	**(c) meetings and attendance during the year.**
Detailed review of the following matters which form part of terms of SBD Committee, were presented to the Board: ▪ To identify, discuss and recommend innovative business development strategies and practices ▪ To review and guide Business and Strategy of the Company and business operations and strategy implementation of new ventures / businesses ▪ To review and recommend Acquisitions, divestments and corporate restructuring proposals	1. Mr. Sameer Garde-Chairman – Independent Director. 2. Mr. Anant Choubey-Member- Executive Director. 3. Mr. Aneesh Reddy Boddu- Member – Executive Director. Company Secretary of the Company shall act as the secretary to the Committee and Mr. Venkat Ramana Tadanki shall be permanent invitee of the Committee.	Strategic Business Development Committee was constituted on December 10, 2021. One Strategic Business Development Committee meeting was held during the year under review.

▪ To review and recommend for Board approval the Sustainability Strategy, including the setting of Sustainability key performance indicators ('KPIs') ▪ To monitor and review the performance with respect to the purpose and intent of business objectives ▪ Review annual performance of international operations.		

g. Initial Public Offering ('IPO') Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Detailed review of the following matters which form part of terms of IPO Committee, were presented to the Board: ▪ to decide, negotiate and finalize, in consultation with the book running lead managers appointed in relation to the Offer (the "**BRLMs**"), all matters regarding the Pre-IPO Placement ▪ to decide in consultation with the BRLMs the actual size of the Offer and taking on record the number of	1. Mr. Aneesh Reddy Boddu Chairman – Executive Director. 2. Mr. Anant Choubey- Member- Executive Director. 3. Mr. Sameer Garde- Member – Independent Director. Company Secretary of the Company shall act as the secretary to the IPO Committee and Mr. Farid Lalji Kazani and CFO shall be permanent invitees of the Committee.	IPO Committee was constituted on December 10, 2021. One IPO Committee meeting was held during the year under review.

equity shares, having face value of ₹ 2/- each (the "**Equity Shares**"), and/or reservation on a competitive basis, and/or green shoe option and/or any rounding off in the event of any oversubscription and/or any discount to be offered to retail individual bidders or eligible employees participating in the Offer and all the terms and conditions of the Offer, including without limitation timing, opening and closing dates of the Offer, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, and to accept any amendments, modifications, variations or alterations thereto ▪ to appoint, instruct and enter into agreements with the BRLMs. ▪ to finalise, settle, approve, adopt and arrange for submission of the draft red herring prospectus ("**DRHP**"), the red herring prospectus ("**RHP**"), the prospectus ("**Prospectus**") etc.		

(6) Remuneration of directors:

a) All pecuniary relationship or transactions of the non-executive directors;-

Company is currently availing:

- advisory services from Mr. Sameer Garde (Independent Director) in his professional capacity in the area of sales and marketing of the Company Products for a period of 11 months, for which he shall be paid professional fee of INR.60 lakh over a period of 11 Months, which would be over and above what he is entitled to in his capacity as director (i.e sitting fee). Mr. Sameer Garde, who has expertise knowledge in the above said field and the fee payable to him for availing advisory services will be 'in the ordinary course of business' and on 'arm's length basis'. Total fee payable to Mr. Sameer Garde is not exceeding 10% of his total income. The Nomination and Remuneration Committee at their meeting held on March 10, 2022, Audit Committee & Board at their meeting held on March 30, 2022 have approved the above said transactions.

- advisory services from M/s. Amir Advisory Services LLP, a reputed firm expertise in providing advisory services on Finance, Accounting, business restructuring, cost management, mergers and acquisitions and related areas of the Company for a tenure not exceeding a period of 6 months , for which they shall be paid INR. 1 lakh per day spent on the assignment but not exceeding total fee of INR. 13 lakh over a period of 6 Months, which is lesser than 10% of total gross turnover/ income of the said LLP. Mr. Farid Lalji Kazani (Independent Director) and his daughter are partners of the said LLP. The Audit Committee at their meeting held on September 1, 2022 & Board at their meeting held on September 2, 2022 have approved the above said transactions.

(b) Criteria of making payments to non-executive directors: The Company has adopted policy on making payments to non-executive directors on September 02, 2022 which is disclosed on its website.

(c)disclosures with respect to remuneration:

(a) Non-Executive Directors (Independent Director):

The Company pays sitting fees of INR. 100,000 per meeting to its Non-Executive Directors (Independent Director) for attending meetings of the Board and meetings of committees of the Board. The Company also reimburses out-of-pocket expenses incurred by the Directors for attending the meetings.

Sr. No	Name of Director	Commission	Sitting Fee In INR
01.	Mrs. Neelam Dhawan	-	7,00,000/-
02.	Mr. Farid Lalji Kazani	-	7,00,000/-

03.	Mr. Sameer Garde	-	7,00,000/-
04.	Mr. Venkat Ramana Tadanki	-	6,00,000/-
05.	Mrs. Yamini Preethi Natti	-	4,00,000/-

(b) Executive Directors:

Sr. No	Name of Director	Salary In INR	Benefits, Perquisites and allowance	Commission	*ESOP (Number of options)
01.	Mr. Anant Choubey Executive Director & Chief operating officer (Appointed for period of 3 years w.e.f November 24, 2021 to November 23, 2024)	90,00,000/-	-	-	2,74,113
02.	Mr. Aneesh Reddy Boddu Executive Director & Chief executive officer (Appointed for period of 3 years w.e.f November 24, 2021 to November 23, 2024)	139,20,000/-	-	-	9,49,720

* Capillary Employees Stock Option Scheme – 2021("ESOP 2021"/ "Scheme").

*Allowances, perquisites, amenities, facilities and benefits as per the rules of the Company as applicable to the Executive Director and as may be permitted and approved by the Board of Directors to be paid to the Executive Director and shall be valued as per Income Tax Act & Rules, as amended from time to time.

(7) General body meetings:

(a) **AGM**

Date	Resolutions	Time	Venue
30-09-2019	1. To approve Audited Financial Statement, Board's Report of the Company for FY 2019	4:00 p.m.	Srinidhi, #43/61, 1st Floor, Surveyors' Street, Basavanagudi Bangalore 560004
31-12-2020	1. To approve Audited Financial Statement, Board's Report of the Company for FY 2020.	4:00 p.m.	Srinidhi, #43/61, 1st Floor, Surveyors' Street,

	2. To Regularise Mr. Anant Choubey as Director of the Company		Basavanagudi Bangalore 560004
09-09-2021	1. To approve Audited Financial Statement, Board's Report of the Company for FY 2021	4:00 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN

* No special resolutions were passed in the previous three annual general meetings;

(b) **EGM**

Date	Resolutions	Time	Venue
19-08-2021	1.Increase in authorised share capital of the Company and consequential amendment in memorandum of association of the Company	9:00 a.m.	VC/OAVM
25-08-2021	1. To approve making Investment in shares under section 186 of the Companies Act, 2013	9:30 a.m.	VC/OAVM
29-09-2021	1. Increase of authorised share capital of the Company and consequent alteration of clause v of the memorandum of association of the Company	3:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
04-10-2021	1. To offer, issue & allot 5 (five) equity shares on preferential offer through private placement basis	11:30 a.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
06-10-2021	1. To offer, issue & allot 14,915, 0.01% compulsorily convertible preference shares ("0.01% ccps") on preferential offer through private placement basis	12:30 p.m	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
14-10-2021	1. To approve the conversion of Company from private limited to public limited and change of name.	12:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road,

	2. To amend the object clause of memorandum of association as per provisions of companies act, 2013 3. To approve adoption of new articles of association of the Company. 4. To approve adoption of employee stock option scheme of the Company		Sector 2, HSR Layout, Bengaluru KA 560102 IN
29-10-2021	1. To offer, Issue & allot 25,873 equity shares on preferential offer through private placement basis 2. To approve adoption of Employee stock option scheme of the Company in supersession to earlier resolution dated 14-10-2021.	3:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
09-11-2021	1. To approve the conversion of Company from private limited to public limited and change of name in supersession to earlier resolution dated 14-10-2021. 2. To approve adoption of new articles of association of the Company	12:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
17-11-2021	1. To approve cancellation of unsubscribed 1454 issued equity share capital of the Company 2. Offer, Issue & allot 5920 equity shares on preferential offer through private placement basis 3. Subdivision of Equity shares from the face value of INR. 10/- to face value of INR. 2/- per share 4. Alteration of Capital Clause of Memorandum of association of Company	3:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
24-11-2021	1. Increase of authorised share capital of the Company and consequent alteration of clause V of the memorandum of association of the Company 2. To approve issuance of Bonus shares by way of capitalisation of	5:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN

	free reserves/ securities premium of the Company to existing shareholders 3. To approve extending benefits of employee stock option scheme to the employees of holding/subsidiary Company(ies) 4. To approve appointment of Mr. Aneesh Reddy Boddu as Executive Director (Designated as WTD & CEO) and KMP of the Company and fix remuneration. 5. To approve appointment of Mr. Anant Choubey as Executive Director (Designated as WTD & COO) of the Company and fix remuneration. 6. To approve initial public offering ('IPO') of Equity shares of the Company		
30-11-2021	1. To consider and approve amendment in existing employee stock option scheme ("ESOP 2021/ Scheme") 2. Grant of stock options 1% or more of the issued share capital of the Company 3. To adopt 'U.S appendix employee stock option scheme' and make necessary corrections in the explanatory statement to the original scheme.	3:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
10-12-2021	1. Appointment of Mr. Farid Lalji Kazani as Independent Director of the Company 2. Appointment of Ms. Neelam Dhawan as Independent Director of the Company 3. Appointment of Mr. Sameer Garde as Independent Director of the Company 4. Appointment of Mr. Venkata Ramana Tadanki as Independent Director of the Company	3:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN

	5. Appointment of Ms. Yamini Preethi Natti as Independent Director of the Company		
17-12-2021	1. To alter the Articles of Association of the Company	3:30 p.m.	#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN

(c) Person who conducted the postal ballot exercise;- Not applicable

(d) Whether any special resolution is proposed to be conducted through postal ballot;- Not applicable

(c)procedure for postal ballot:- Not applicable

(8) Means of communication:

(a) Quarterly results;	Not applicable
(b) Newspapers wherein results normally published;	
(c) Any website, where displayed;	
(d) Whether it also displays official news releases; and	
(e) Presentations made to institutional investors or to the analysts.	

(9) General shareholder information:

i. 10th Annual General Meeting for FY 2022 ("AGM")

Date: September 29, 2022
Time: 10.30 a.m. (IST)
Venue: Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with general circulars dated April 8, 2020, April 13, 2020, January 13, 2021 and December 14, 2021 as such there is no requirement to have a venue for the AGM.

For details, please refer to the Notice of AGM. As required under Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at the AGM are given in the Annexure to the Notice of AGM.

ii. Financial Calendar-

Year ending: March 31
AGM in: September

iii. Dividend Payment: Not applicable

iv. the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s): Not applicable

v. stock code: Not applicable

vi. market price data- high, low during each month in last financial year: Not applicable

vii. performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc: Not applicable

viii. in case the securities are suspended from trading, the directors report shall explain the reason thereof: Not applicable

ix. registrar to an issue and share transfer agents;

Link Intime India Private Limited
C-101, 1st Floor, 247 Park L.B.S. Marg Vikhroli (West),
Mumbai 400 083
Maharashtra, India
Tel: (+ 91 22) 4918 6200
Website: www.linkintime.co.in

x. share transfer system;- In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. The requests for effecting transfer / transposition of securities shall not be processed unless the securities are held in the dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

xi. distribution of shareholding;

a) Distribution of equity shareholding as on March 31, 2022:

Number of shares	Holding	Percentage of Capital	Number of accounts	Percentage to total accounts
1-100	80	0.00	4.00	6.45

101-500	0	0.00	0.00	0.00
501-1000	0	0.00	0.00	0.00
1001-5000	3997	0.01	1.00	1.61
5001-10000	231524	0.46	29.00	46.77
10001-50000	499558	1.00	24.00	38.71
50001-100000	237410	0.47	3.00	4.84
100001-Above	49040387	98.06	1.00	1.61
Total	**50012956**	100.00	**62.00**	100.00

b) Categories of equity shareholding as on March 31, 2022:

Category	Number of equity shares held	Percentage of holding
Promoter	490,40,407	98.055
Other Entities of the Promoter Group	-	-
Banks, Financial Institutions, State and Central	-	-
Government	-	-
Insurance Companies	-	-
Foreign Institutional Investors and Foreign Portfolio Investors	-	-
NRI's, OCB's, Foreign Nationals	1,25,439	0.25
Corporate Bodies, Trusts	1,11,724	0.223
Indian Public and Others	735,382	1.47
Alternate Investment Fund	-	-
IEPF account	-	-
Total	**50012952**	**100**

c) Top ten equity shareholders of the Company as on March 31, 2022:

Sr. No	Name of the shareholders	Number of equity shares	Percentage of holding
01.	Capillary Technologies International Pte.Ltd.	4,90,40,387	98.06
02.	*Venkat Tadanki	97,826	0.20
03.	*Farid Lalji Kazani	86,407	0.17
04.	InfoSoft Global Private Limited	53,177	0.11
05.	Vikas Saluguti	46,535	0.09
06.	Mohan Reddy	39,893	0.08

07.	Anant Choubey	39,893	0.08
08.	Ambarish Raghuvanshi	26,609	0.05
09.	Vivasan Associates LLP	26,609	0.05
10.	Anjali Bansal	29,499	0.06

*as on date of this report Venkat Ramana Tadanki is holding 1,07,826 shares and Farid Lalji Kazani is holding 50,000 shaers

xii. dematerialization of shares and liquidity:- Equity shares of the Company representing 100 percent of the Company's equity share capital are dematerialized as on date of this report. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE0ILV01024.

xiv. outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2022, as such instruments have not been issued in the past.

xv. commodity price risk or foreign exchange risk and hedging activities: The Company does not deal in commodities and hence the disclosure is not required to be given.

xvi. plant locations: Considering the nature of the Company's business it does not have any plant location. The registered office of the Company is situated at #36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN.

xvii. address for correspondence:

Capillary Technologies India Limited
#36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
Tel: +91 80416 09498
Email: secretarial@capillarytech.com

xviii. list of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad- Not applicable

(10) Other Disclosures:

Particulars	Statutes	Details	Website link for details/policy

i. Disclosures on materially significant related party transactions	Regulation 23 of SEBI Listing Regulations and as defined under the Act	There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY 2022 were in the ordinary course of business and at arms' length basis and were approved by the members of Audit Committee including Independent Directors. The Board's approved policy for related party transactions on November 20, 2021 is uploaded on the website of the Company.	https://www.capillarytech.com/investors/policies-and-codes
ii. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;	Schedule V (c) 10(b) to the SEBI Listing Regulations	Nil	-

iii. Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has adopted this Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.	https://www.capillarytech.com/investors/policies-and-codes
iv. Discretionary requirements	Schedule II Part E of the SEBI Listing Regulations	Nil	-
v. Related party transactions	Regulation 16 & 23 of the SEBI Listing Regulations	The Company has adopted policy on determining material subsidiaries and dealing with related party transactions on November 20, 2021 which is disclosed on its website.	https://www.capillarytech.com/investors/policies-and-codes
vi. Policy on Determination of Materiality for Disclosures	Regulation 30 of SEBI Listing Regulations	The Company is yet to adopt this Policy.	-
vii. Disclosure of commodity price risks and commodity hedging activities	Regulation 34 (3) read with Schedule V of the SEBI Listing Regulations	The Company does not deal in commodities and hence the disclosure is not required to be given.	-
viii. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under	Section 42 Read with Section 62(1)(c) of the Companies Act 2013.	The entire proceeds were utilised by your Company for the purpose set out in the offer document.	-

Regulation 32 (7A)			
ix. Familiarization Program	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	https://www.capillarytech.com/investors/corporate-governance
x. Criteria for making payment to the non-executive directors	Regulation 34 (3) read with Schedule V of the SEBI Listing Regulations	The Company has adopted policy on payment to non-executive directors on September 02, 2022 which is disclosed on its website.	https://www.capillarytech.com/investors/policies-and-codes

xi) A certificate from a Company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority- Not applicable

xii) There were no instances where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.

xiii) M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W/W-E300004), were appointed as the Statutory Auditors of the Company. Total Fees paid to statutory auditors during the year is disclosed in the Annual Report separately (Refer note no. 25 to Financial Statements).

xiv) Disclosures pertaining to the sexual harassment of women at the workplace (prevention, prohibition and redressal) act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) and the rules made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The Company has revisited the Internal Complaints Committee members and emphasised on the roles and responsibilities expected from the members. Training programmes were conducted around locations to strengthen the awareness among the Committee members. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the year:

(a) Number of complaints pending at the beginning of the year;	Nil
(b) Number of complaints received during the year	Nil
(c) Number of complaints disposed off during the year	Nil
(d) Number of cases pending at the end of the year.	Nil

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

xv) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount- Not applicable

xvi) The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report- Complied to the extant applicable to the Company.

xvii) Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:- Forms part of this report as Annexure.

xviii) Compliance certificate from either the auditors or practicing Company secretaries regarding compliance of conditions of corporate governance:- Not applicable

xix) Disclosures with respect to demat suspense account/ unclaimed suspense account

(1) The listed entity shall disclose the following details in its annual report, as long as there are shares in the demat suspense account or unclaimed suspense account, as applicable:

(a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	Not applicable
(b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	
(c) number of shareholders to whom shares were transferred from suspense account during the year;	
(d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	
(e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	

On behalf of the Board of Directors
For Capillary Technologies India Limited

Sd/-

Aneesh Reddy Boddu
Whole Time Director and CEO
(DIN: 02214511)
Date: 13/09/2022
Place: Bangalore

Sd/-

Anant Choubey
Whole Time Director, CFO & COO
(DIN: 06536413)
Date: 13/09/2022
Place: Bangalore

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for Board of Directors & Senior Management Personnel and copy of the Code is available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2022, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Sd/-

Aneesh Reddy Boddu
Whole Time Director & CEO (DIN: 02214511)

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)

Report on the Audit of the Standalone Ind AS financial statements

Qualified Opinion

We have audited the accompanying standalone Ind AS financial statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As more fully detailed in note 8(4) to the accompanying standalone Ind AS financial statements, the Company has trade receivables (including unbilled revenue of ₹ 331.37 Million) aggregating to ₹ 1,011.94 Million as on March 31, 2022, which is outstanding from its Wholly Owned Subsidiary ('WOS'). The management of the Company is evaluating various measures including additional funding in WOS by the Company. The Company has also realized ₹ 193.84 Million of the outstanding receivables as stated above as on the date of this report. However, considering the current financial position of the WOS in view of the losses, significant working capital deficit and the uncertainty around the funding as on the date of this report, we are unable to comment on the recoverability of the aforesaid receivables and its consequential impact on compliance with various regulations in the accompanying standalone Ind AS financial statements.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

S.R. Batliboi & Associates LLP Bengaluru

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

S.R. Batliboi & Associates LLP
Bengaluru

Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

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

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

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

S.R. Batliboi & Associates LLP
Bengaluru

Report on Other Legal and Regulatory Requirements

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

   (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matters described in the Basis for Qualified Opinion paragraph above and clause (xvii) of 'Annexure I' to this report, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

   (h) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure II" to this report;

   (i) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

S.R. Batliboi & Associates LLP
Bengaluru

(j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 46(v) to the accompanying standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 46(vi) to the accompanying standalone Ind AS financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 22061207ASBWXL9386

Place of Signature: Bengaluru
Date: September 13, 2022

Annexure I referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) ('the Company')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment have not been physically verified by the management of the Company during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification;

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 13(6) to the accompanying standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The Company does not have a process of preparing the financial statements on a quarterly basis. Accordingly, the quarterly statements filed by the Company with such banks cannot be reconciled with the audited/ reviewed books of accounts of the Company and hence we are unable to comment on the same.

(iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), (c), (d), (e) and (f) of the Order is not applicable to the Company.

(b) During the year the investments made and the terms and conditions of investments to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

During the year the Company has not provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 ('the Act') are applicable have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company and hence not commented upon.

S.R. Batliboi & Associates LLP
Bengaluru

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, professional tax, provident fund, employees' state insurance, income-tax, custom duty, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of goods and service tax, provident fund, employees' state insurance, income-tax, duty of customs, professional tax, cess and other material statutory dues, which were outstanding at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans obtained during the year were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the accompanying standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the accompanying standalone Ind AS financial statements of the Company, the Company has taken funds from the following entities on account of or to meet the obligations of its subsidiaries as per details below:

Nature Of fund taken	Name of lender	Amount involved	Name of the subsidiary	Relation	Nature of transaction for which funds utilized
Term loan	Innoven Capital India Private Limited	₹ 215 Million	Capillary Pte Ltd, Singapore	Wholly Owned Subsidiary	Investment in equity shares

The Company does not have any associates or joint ventures.

(f) The Company has raised loans during the year committing to pledge the securities held in its subsidiaries to the Lenders as per the terms and conditions of the borrowing arrangement as detailed below. However, the pledge has not been created by the Company as on the date of this report. Further, the Company has not defaulted in repayment of such loans raised.

Nature Of loan taken	Name of lender	Amount involved	Name of the subsidiary	Relation	Details of Security to be Pledged
Term loan	Innoven Capital India Private Limited	₹ 215 Million	Capillary Pte Ltd, Singapore	Wholly Owned Subsidiary	Investment in equity shares

The Company does not have any associates or joint ventures.

S.R. Batliboi & Associates LLP
Bengaluru

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has complied with the provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. The funds raised, have been used for the purposes for which the funds were raised.

The Company has not made any preferential allotment or private placement of fully or partially or optionally convertible debentures during the year under audit

(xi) (a) No fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year.

(c) As represented to us by the management of the Company, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the accompanying standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) to (b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) Without considering the consequential effects, if any, of the matter stated in stated in the 'Basis for Qualified Opinion' paragraph of our auditors' report, the Company has incurred cash losses in the current financial year amounting to ₹ 185.42 Million. The Company has not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

S.R. Batliboi & Associates LLP Bengaluru

(xix) On the basis of the financial ratios disclosed in note 39 to the standalone Ind AS Financial Statements, the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and considering the uncertainty around recoverability of trade receivables as stated above, losses incurred by the Company during the year and accumulated losses of Rs. 1,540.91 Million as at March 31, 2022 and the letter of financial support obtained by the Company from one of the investors of the Holding Company, nothing has come to our attention, which causes us to believe that Company is not capable of meeting its liabilities, existing at the date of balance sheet, as and when they fall due within a period of one year from the balance sheet date.

We, further state that this is not an assurance as to the future viability of the Company and our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 40 to the accompanying standalone Ind AS financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 40 to the accompanying standalone Ind AS financial statements.

For S.R. Batliboi & Associates LLP
ICAI firm registration number: 101049W/E300004
Chartered Accountants

S.R. Batliboi & Associates LLP
Bengaluru

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 22061207ASBWXL9386

Place: Bengaluru
Date: September 13, 2022

Annexure II to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

A company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

S.R. Batliboi & Associates LLP Bengaluru

assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 22061207ASBWXL9386

Place of Signature: Bengaluru
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Standalone Ind AS Balance Sheet as at March 31, 2022

(₹ in Million)

		Notes	March 31, 2022	March 31, 2021	April 01, 2020
I	**Assets**				
(1)	**Non-current assets**				
	(a) Property, plant and equipment	3	18.34	5.85	10.57
	(b) Intangible assets	4	1.92	3.49	4.29
	(c) Right-of-use assets	32	29.47	19.77	128.04
	(d) Financial assets				
	(i) Investments	5	959.73	-	-
	(ii) Other financial assets	6	156.03	87.26	75.11
	(e) Non-current tax assets (net)	7	72.73	41.19	136.46
	(f) Other non-current assets	10	0.34	1.72	6.13
			1,238.56	**159.28**	**360.60**
(2)	**Current assets**				
	(a) Financial assets				
	(i) Trade receivables	8	1,146.70	538.10	416.79
	(ii) Cash and cash equivalents	9	101.54	96.78	47.90
	(iii) Other financial assets	6	128.25	4.49	19.51
	(b) Other current assets	10	54.32	19.16	21.39
			1,430.81	**658.53**	**505.59**
	Total assets (1+2)		**2,669.37**	**817.81**	**866.19**
II	**Equity and liabilities**				
(1)	**Equity**				
	(a) Equity share capital	11	100.03	23.33	23.33
	(b) Other equity	12	1,402.23	303.49	100.26
	Total equity		**1,502.26**	**326.82**	**123.59**
(2)	**Non-current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	13	197.17	153.83	152.28
	(ii) Lease liabilities	32	11.28	-	83.72
	(b) Net employee defined benefit liabilities	14	32.80	22.54	19.62
			241.25	**176.37**	**255.62**
(3)	**Current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	13	403.32	45.61	93.36
	(ii) Lease liabilities	32	19.44	6.12	35.89
	(iii) Trade payables				
	(a) Total outstanding dues of micro enterprises and small enterprises	18	7.68	3.08	1.80
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18	354.81	94.49	176.87
	(iv) Other financial liabilities	16	48.88	58.59	61.95
	(b) Net employee defined benefit liabilities	14	7.68	12.22	16.81
	(c) Provisions	15	20.08	13.58	16.07
	(d) Other current liabilities	17	63.97	80.93	84.23
			925.86	**314.62**	**486.98**
	Total liabilities (2+3)		**1,167.11**	**490.99**	**742.60**
	Total equity and liabilities (1+2+3)		**2,669.37**	**817.81**	**866.19**

Summary of significant accounting policies 2.4

The accompanying notes are an integral part of the Standalone Ind AS Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No: 061207
Place: Bengaluru
Date: September 13, 2022

S.R. Batliboi & Associates LLP
Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Standalone Ind AS Statement of Profit and Loss for the year ended March 31, 2022

(₹ in Million)

		Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
I	**Income**			
	Revenue from operations	19	1,633.36	1,149.03
	Other income	20	3.89	70.20
	Finance income	21	4.75	12.34
	Total income		**1,642.00**	**1,231.57**
II	**Expenses**			
	Cost of campaign services		160.16	88.29
	Professional and consultancy expenses		203.43	123.99
	Employee benefit expenses	22	1,110.37	718.78
	Depreciation and amortisation expenses	23	34.33	36.58
	Finance costs	24	46.93	18.70
	Other expenses	25	148.29	78.26
	Total expenses		**1,703.51**	**1,064.60**
III	**(Loss) / profit before exceptional items and tax (I - II)**		**(61.51)**	**166.97**
IV	Exceptional items (net)	26	(160.07)	-
V	**(Loss) / profit before tax (III + IV)**		**(221.58)**	**166.97**
VI	**Tax expenses**			
	(a) Current tax	27	-	-
	(b) Deferred tax charge/ (credit)	27	-	-
	Total tax expenses		-	-
VII	**(Loss) / profit for the year (V - VI)**		**(221.58)**	**166.97**
VIII	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) Re-measurement (losses) / gains on defined benefit plan		(3.74)	0.56
	Income tax effect on above		-	-
	Total other comprehensive (loss) / income for the year (net of tax)		**(3.74)**	**0.56**
IX	**Total comprehensive (loss) / income for the year (net of tax) (VII + VIII)**		**(225.32)**	**167.53**
X	**Earnings per equity share (EPS)** (face value - ₹ 2 each)			
	Basic (₹)	28	(4.53)	3.49
	Diluted (₹)	28	(4.53)	3.49
	Summary of significant accounting policies	2.4		

The accompanying notes are an integral part of the Standalone Ind AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No: 061207
Place: Bengaluru
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Standalone Ind AS Statement of Cashflows for the year ended March 31, 2022

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from/ (used in) operating activities		
(Loss) / Profit before tax	**(221.58)**	**166.97**
Adjustments to reconcile (loss) / profit before tax to net cash flows		
Depreciation and amortisation expenses	34.33	36.58
Provision for doubtful trade receivables and advances (including bad debts written off)	1.80	-
Provision for doubtful trade receivables and advances no longer required, written back	-	(3.65)
Employee stock option expenses (including exceptional items) (refer note 31)	492.47	35.70
Advances/ deposits written off	2.09	5.75
Property, plant and equipment written off	0.64	-
Net gain on modification of lease contracts (refer note 32)	-	(8.43)
Provision/ liabilities no longer required, written back	(0.61)	-
Net foreign exchange differences	2.44	(8.02)
Net gain on disposal/discard of property, plant and equipment	-	(0.55)
Finance income	(4.75)	(12.34)
Finance costs	46.93	18.70
Operating profit before working capital changes	**353.76**	**230.71**
Working capital adjustments :		
(Increase) / decrease in trade receivables	(605.50)	(114.29)
(Increase) / decrease in non-current and current other financial and other assets	(159.07)	29.11
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities and provisions	246.66	(90.44)
Cash (used in) / generated from operations	**(164.15)**	**55.09**
Direct taxes (paid) / refund	(31.54)	98.73
Net cash flow (used in) / from operating activities (A)	**(195.69)**	**153.82**
B. Cash flow from/ (used in) investing activities		
Purchase of property, plant and equipment including intangible assets	(21.24)	(6.14)
Proceeds from sale of property, plant and equipment	-	1.04
Purchase of non-current investments	(937.44)	-
Finance income received	4.19	3.72
Investment in bank deposits (margin money deposits)	(68.77)	(23.93)
Net cash used in investing activities (B)	**(1,023.26)**	**(25.31)**
C. Cash flow from/ (used in) financing activities		
Proceeds from issue of share capital	886.00	-
Proceeds from long-term borrowings	215.00	-
Repayment of long-term borrowings	(61.43)	(16.37)
Payment of principal and interest portion of lease liabilities	(11.06)	(23.33)
Proceeds/ (repayment) from short term borrowings (net)	243.08	(31.81)
Finance costs paid	(47.88)	(8.12)
Net cash from / (used in) financing activities (C)	**1,223.71**	**(79.63)**
Net increase in cash and cash equivalents (A+B+C)	4.76	48.88
Cash and cash equivalents at the beginning of the year	96.78	47.90
Cash and cash equivalents at the end of the year	**101.54**	**96.78**
Components of cash and cash equivalents		
Balances with banks		
- On current accounts	101.54	96.78
Total cash and cash equivalents (refer note 9)	**101.54**	**96.78**
Non-cash investing activities		
Acquisition of right-of-use assets (refer note 32)	33.68	-

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S.R. Batliboi & Associates LLP
Bangaluru

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Standalone Ind AS Statement of Cashflows for the year ended March 31, 2022
Explanatory notes to statements of cash flows

	Borrowings (refer note 13)	Lease liabilities (including current portion of lease liabilities) (refer note 32)
As at April 01, 2021	**199.44**	**6.12**
Cash flow changes		
Proceeds from long-term borrowings	215.00	-
Repayment of long-term borrowings	(61.43)	-
Proceeds/ (repayment) from short term borrowings (net)	243.08	-
Payment of lease liabilities	-	(11.06)
Non-cash changes		
Accretion of interest on lease liabilities (refer note 32)	-	1.98
Foreign exchange fluctuations	4.40	-
Interest on borrowings measured at amortised cost	2.55	-
Recognition of lease liabilities (refer note 32)	-	33.68
As at March 31, 2022	**600.49**	**30.72**
As at April 01, 2020	**245.64**	**119.61**
Cash flow changes		
Repayment of long-term borrowings	(16.37)	(23.33)
Proceeds/ (repayment) from short term borrowings (net)	(31.81)	-
Non-cash changes		
Accretion of interest on lease liabilities (refer note 32)	-	3.96
Modification of lease liabilities (refer note 32)	-	(81.95)
Foreign exchange fluctuations	1.98	-
Adjustment with security deposits	-	(12.17)
As at March 31, 2021	**199.44**	**6.12**

Summary of significant accounting policies 2.4

The accompanying notes are an integral part of the Standalone Ind AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No: 061207
Place: Bengaluru
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Standalone Ind AS Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital*

	Number (in Million)	₹ in Million
For the year ended March 31, 2022		
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 01, 2021	**2.33**	**23.33**
Issuance of share capital (refer notes 11(1),(2),(4),(5))	0.09	0.90
Conversion of CCPS (refer note 11(3))	0.02	0.17
Adjustment for sub-division of equity shares (refer note 11(6))	9.76	-
Issuance of bonus shares (refer note 11(7))	37.81	75.63
At March 31, 2022	**50.01**	**100.03**
For the year ended March 31, 2021		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At April 01, 2020	**2.33**	**23.33**
Issuance of share capital	-	-
At March 31, 2021	**2.33**	**23.33**

B. Other equity**

(₹ in Million)

Particulars	Attributable to the equity shareholders – Reserves and Surplus: Retained earnings	Share based payments reserve	Capital contribution from parent	Securities premium	Total other equity
Balance as at April 01, 2021	**(1,315.59)**	-	**669.36**	**949.72**	**303.49**
(Loss) / profit for the year	(221.58)	-	-	-	(221.58)
Other comprehensive (loss) / income for the year (net of taxes)***	(3.74)	-	-	-	(3.74)
Total comprehensive income	**(225.32)**	-	-	-	**(225.32)**
Issuance of share capital (refer note 11)	-	-	-	753.25	753.25
Conversion of CCPS (refer note 11(3))	-	-	-	131.68	131.68
Issuance of fully paid bonus shares (refer note 11(7))	-	-	-	(75.63)	(75.63)
Employee stock option expenses (refer notes 22, 26 and 31)	-	236.88	255.59	-	492.47
Capital contribution in subsidiaries (refer notes 5 and 34)	-	22.29	-	-	22.29
Balance as at March 31, 2022	**(1,540.91)**	**259.17**	**924.95**	**1,759.02**	**1,402.23**
Balance as at April 01, 2020	**(1,483.12)**	-	**633.66**	**949.72**	**100.26**
Profit/ (loss) for the year	166.97	-	-	-	166.97
Other comprehensive income / (loss) for the year (net of taxes)***	0.56	-	-	-	0.56
Total comprehensive income	**167.53**	-	-	-	**167.53**
Employee stock option expenses (refer notes 22, 26 and 31)	-	-	35.70	-	35.70
Balance as at March 31, 2021	**(1,315.59)**	-	**669.36**	**949.72**	**303.49**

*Also refer note 11
**Also refer note 12
***As required under Ind AS Schedule III, the Company has recognised remeasurement gains / (losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies 2.4

The accompanying notes are an integral part of the Standalone Ind AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No: 061207
Place: Bengaluru
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

1. Corporate Information

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') ('Company' or 'CTIL') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at #36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru – 560102.

Pursuant to the approval of the Members vide a special resolution dated October 14, 2021 and as per applicable provisions of the Act, the Board of Directors have approved conversion of the Company from a Private Limited Company to a Public Limited Company and consequently the name of the Company is changed to 'Capillary Technologies India Limited' by amending the Object Clause of Memorandum of Association and adopting the new Articles of Association of the Company. On November 23, 2021, the Company converted into a Public Limited Company.

CTIL is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. The Company also provides technical, analytical and other support services to the group companies.

The Standalone Ind AS Financial Statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on September 13, 2022.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its Standalone Ind AS Financial Statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at April 01, 2020 for the purpose of transition to Ind AS, unless otherwise indicated.

2.1. Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable. The standalone financial statements of the Company, have been prepared and presented in accordance with Ind AS and these standalone financial statements for the year ended March 31, 2022 are the first the Company has prepared in accordance with Ind AS. Previous year numbers in the standalone financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of standalone financial statements under Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2021 and April 1, 2020 and of the comprehensive net income for the year ended March 31, 2021 (refer note 37 for reconciliations and effect of transitions).

The Standalone Ind AS Financial Statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective as at March 31, 2022.

The Standalone Ind AS financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Company is Indian Rupee ('₹') which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest million with two decimals (INR ,000,000.00), except when otherwise indicated.

S.R. Batliboi & Associates LLP Bengaluru

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2.2 Change in accounting policies and disclosures:

Impact of implementation of new standards/amendments:

Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the Standalone Ind AS Financial Statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e., definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the Standalone Ind AS Financial Statements of the Company.

Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the Standalone Ind AS Financial Statements of the Company.

Amendments to Ind AS 116: Covid-19-Related Rent Concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020. These amendments had no impact on the Standalone Ind AS Financial Statements of the Company.

S.R. Batliboi & Associates Bengaluru

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the Company's Ind AS Standalone Financial Statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments are applicable prospectively for annual periods beginning on or after 1 April 2020. The amendments to the definition of material did not have a significant impact on the Company's Standalone Ind AS Financial Statements.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no significant impact on the Standalone Ind AS Financial Statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after 1 April 2020. These amendments are not expected to have significant impact on the Standalone Ind AS Financial Statements of the Company.

2.3 Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

. The amendments are not expected to have a material impact on the Company.

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(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are not expected to have a material impact on the Company.

(iv) Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

(v) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

. The amendments are not expected to have a material impact on the Company.

2.4 Summary of significant accounting policies:

a. Current versus non-current classification

The Company presents assets and liabilities in the Standalone Ind AS Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period: or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period: or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

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b. Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the Standalone Ind AS Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

► Disclosures for valuation methods, significant estimates and assumptions
► Quantitative disclosures of fair value measurement hierarchy (refer note 34)
► Financial instruments (including those carried at amortised cost)

c. Revenue recognition

Revenue from operations is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The specific recognition criteria described below must be met before revenue is recognised:

Income from services

(i) Service Income from Group Companies:
The Company provides technical, analytical and other support services to the Group Companies and revenue is recognized over the period on an accrual basis and at agreed mark-ups on costs incurred as per the terms of agreement.

(ii) Retainer services
The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized over the period as and when services are rendered in accordance with the arrangement with the customers.

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(iii) Campaign services
The Company provides SMS campaign services that are bundled together with the retainer services. The Company recognises revenue based on the usage of messaging services i.e., when the Company's services are used based on the specific terms of the contract with customers.

(iv) Installation services
The Company provides a one-time installation services that are bundled together with the retainer services. The Company recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Company uses an input method in measuring progress of the installation services because there is a direct relationship between the Company's effort and the transfer of service to the customer. The Company recognises revenue on the basis of the milestone achieved which correlates with hours expended relative to the total expected hours to complete the service.

Other income

(i) Export benefits
Export entitlements in the form of Service Exports from India (SEIS) is recognized in the Statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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

(iii) Dividend Income
Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the dividend, provided it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section t) Financial instruments – initial recognition and subsequent measurement below

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (t) Financial instruments – initial recognition and subsequent measurement below

Capitalised contract costs

The Company pays sales commission to its employees for each installation and retainer contract that they obtain. Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Company recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses. The maximum period over which the Company expects to derive benefit from contracts entered into with customers is 3 years. The Company has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is over year or less.

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Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

d. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Standalone Ind AS Financial Statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

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

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

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

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

e. Property, plant and equipment

As at the date of transition to Ind AS i.e. April 01, 2020, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2020 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 01, 2020.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be

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measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Sl. No.	Block	Useful lives estimated by the management (in years)
1	Office Equipment	5
2	Computers	3
3	Furniture and fixtures	10

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

f. Intangible assets

As at date of transition to Ind AS i.e. April 01, 2020, the Company has elected to continue with the carrying value of all of its intangible assets as at March 31, 2020 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2020.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Computer software is amortized over the useful life of 5 years on straight line basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

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g. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

h. Leases

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

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies stated under 'Impairment of non-financial assets'.

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

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

Short term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

i. Impairment of non-financial assets and investments in subsidiaries

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Intangible assets with indefinite life are tested for impairment each year.

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Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset.

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Company operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss.

When an impairment loss subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

j. Provisions and contingent liabilities

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

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

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

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The Company does not recognize a contingent liability but discloses its existence in the Standalone Ind AS Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

k. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the Standalone Ind AS Balance Sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

The Company presents the leave as a current liability in the Standalone Ind AS Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

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

Past service costs are recognised in profit or loss on the earlier of:
a) The date of the plan amendment or curtailment, and
b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b) Net interest expense or income.

l. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed under Revenue recognition policy.

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In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

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If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

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

n. Segment reporting

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of Standalone Ind AS Financial Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

CODM evaluates the performance of the Company based on the single operative segment as cloud based intelligent customer engagement software solutions to retail chain operators. Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

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o. Cash and cash equivalents

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

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

p. Share-based payments

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black-Scholes valuation model. Refer note 29 for further details.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity for stock options granted by the holding company and a corresponding increase in share-based payments reserve in equity for stock options granted by the Company, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. Further, the Company has recorded capital contribution in group companies in non-current investments with respect to its obligation to settle the transaction with employees of the group companies by providing its own equity shares. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

q. Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for conversion right. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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r. Foreign currencies

The Standalone Ind AS Financial Statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

s. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss. Refer note 46 for details.

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

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3 Property, plant and equipment

(₹ in Million)

Particulars	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	Total
Gross Block (At cost / deemed cost)					
At April 01, 2020	**6.79**	**1.53**	**0.41**	**1.84**	**10.57**
Additions	3.20	0.07	0.15	-	3.42
Disposals / discard	(0.81)	(1.18)	-	(1.24)	(3.23)
At March 31, 2021	**9.18**	**0.42**	**0.56**	**0.60**	**10.76**
Additions	21.74	0.20	-	-	21.94
Disposals / discard	(0.61)	(0.27)	-	(0.60)	(1.48)
At March 31, 2022	**30.31**	**0.35**	**0.56**	-	**31.22**
Accumulated depreciation					
At April 01, 2020	-	-	-	-	-
Charge for the year	4.83	1.36	0.56	0.91	7.66
Disposals / discard	(0.81)	(1.18)	-	(0.76)	(2.75)
At March 31, 2021	**4.02**	**0.18**	**0.56**	**0.15**	**4.91**
Charge for the year	8.51	0.15	-	0.12	8.78
Disposals / discard	(0.45)	(0.09)	-	(0.27)	(0.81)
At March 31, 2022	**12.08**	**0.24**	**0.56**	-	**12.88**
Net book value					
At April 01, 2020	**6.79**	**1.53**	**0.41**	**1.84**	**10.57**
At March 31, 2021	**5.16**	**0.24**	-	**0.45**	**5.85**
At March 31, 2022	**18.23**	**0.11**	-	-	**18.34**

(1) Ind AS 101 exemption: The Company has availed the exemption available under Ind AS 101, whereas the carrying value of Property, plant and equipment under the previous GAAP has been carried forward as the costs under Ind AS. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

(₹ in Million)

Particulars	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	Total
At April 01, 2020					
Gross Block	46.94	7.04	0.49	6.38	60.85
Less: Accumulated depreciation	(40.15)	(5.51)	(0.08)	(4.54)	(50.28)
Net book value as per previous GAAP	**6.79**	**1.53**	**0.41**	**1.84**	**10.57**
Deemed cost as at April 01, 2020	**6.79**	**1.53**	**0.41**	**1.84**	**10.57**

4 Intangible assets

(₹ in Million)

Particulars	Computer software	Total
Gross Block (At cost / deemed cost)		
At April 01, 2020	**4.29**	**4.29**
Additions	1.80	1.80
Disposals / discard	(0.18)	(0.18)
At March 31, 2021	**5.91**	**5.91**
Additions	-	-
Disposals / discard	(0.01)	(0.01)
At March 31, 2022	**5.90**	**5.90**
Accumulated amortisation		
At April 01, 2020	-	-
Charge for the year	2.60	2.60
Disposals / discard	(0.18)	(0.18)
At March 31, 2021	**2.42**	**2.42**
Charge for the year	1.57	1.57
Disposals / discard	(0.01)	(0.01)
At March 31, 2022	**3.98**	**3.98**
Net book value		
At April 01, 2020	**4.29**	**4.29**
At March 31, 2021	**3.49**	**3.49**
At March 31, 2022	**1.92**	**1.92**

1. Ind AS 101 exemption: The Company has availed the exemption available under Ind AS 101, whereas the carrying value of Intangible assets under the previous GAAP has been carried forward as the costs under Ind AS. Information regarding gross block of assets, accumulated amortization has been disclosed by the Company separately as follows:

(₹ in Million)

Particulars	Computer software	Total
At April 01, 2020		
Gross Block	9.84	9.84
Less: Accumulated amortisation	(5.55)	(5.55)
Net book value as per previous GAAP	**4.29**	**4.29**
Deemed cost as at April 01, 2020	**4.29**	**4.29**

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5 Non-current investments

			(₹ in Million)
	March 31, 2022	March 31, 2021	April 01, 2020
Investments			
Investment at cost[1,2]			
Unquoted Equity Shares (refer note 34)			
1,563.71 Million (March 31, 2021 and April 01, 2020 : Nil) Equity shares of Capillary Pte Ltd., Singapore[1,2]	937.44	-	-
Capital contribution in subsidiaries (refer notes 31 and 34)			
Capillary Technologies DMCC, UAE[2]	4.42	-	-
Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia[2]	5.75	-	-
Capillary Technologies (Shanghai) Co Ltd., China[2]	1.35	-	-
PT Capillary Technologies Indonesia[2]	0.41	-	-
Capillary Pte Limited., Singapore[2]	0.10	-	-
Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA[2]	10.26	-	-
Total non current Investments	**959.73**	**-**	**-**

Notes:

1. During the year ended March 31, 2022, the Board of Directors approved the investments by way of subscription of shares of Capillary Pte. Ltd, Singapore ('CPL') for an amount not exceeding ₹ 1,000 Million. As per the terms and conditions stated in the Share Subscription Agreements, the Company invested in 1,385.14 Million and 178.57 Million equity shares of CPL at the rate of USD 0.0074 and USD 0.0140 per equity share respectively thereby amounting to a purchase consideration of ₹ 750.04 Million (USD 10.25 MIllion) and ₹ 187.40 Million (USD 2.5 Million) respectively.

2. The Company has investments in CPL of ₹ 937.44 Million as at March 31, 2022. CPL has certain underlying subsidiaries which have been incurring losses. Based on its internal assessment with regard to future operations and valuation assessment by an external expert during the year ended March 31, 2022, the management is of the view that the carrying value of the Company's investment in CPL as at March 31, 2022 is appropriate and no adjustments is required in the Standalone Ind AS Financial Statements in this regard.

6 Financial assets

				(₹ in Million)
		March 31, 2022	March 31, 2021	April 01, 2020
Unsecured considered good unless otherwise stated				
Non-current				
Financial instruments at amortised cost				
Security deposits		-	-	11.78
Non-current bank balances (refer note 9)		156.03	87.26	63.33
Total other non-current financial assets		**156.03**	**87.26**	**75.11**
Current				
Financial instruments at amortised cost				
Security deposits				
Security deposits - others		2.66	3.81	9.07
Security deposits - credit impaired		0.63	0.63	-
		3.29	**4.44**	**9.07**
Less: Impairment allowance for security deposits		(0.63)	(0.63)	-
	(A)	**2.66**	**3.81**	**9.07**
Other receivables from related parties (refer note 34)[1]		124.65	-	8.79
Advances to employees		0.20	0.30	1.31
Interest accrued on fixed deposits		0.74	0.38	0.34
	(B)	**125.59**	**0.68**	**10.44**
Total other current financial assets	(A+B)	**128.25**	**4.49**	**19.51**

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6 **Financial assets (contd.)**

Notes:

1. Other receivables from related parties are non-interest bearing and are generally on terms of upto 90 days. Other receivables from related parties includes ₹ 113.65 Million due from CPL which are secured against the External Commercial Borrowings of ₹ 153.67 Million payable to the Holding Company.

7 **Non-current tax assets (net)**

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Advance income-tax (net of provision for current taxation)	72.73	41.19	136.46
Total	**72.73**	**41.19**	**136.46**

8 **Trade receivables**

(₹ in Million)

		March 31, 2022	March 31, 2021	April 01, 2020
Trade receivables - Others[2]		134.76	164.50	203.65
Trade receivable - Related parties[1, 2]		1,011.94	373.60	213.14
Total trade receivables		**1,146.70**	**538.10**	**416.79**
Break-up for security details:				
Trade receivables - Unsecured, considered good		1,146.70	538.10	416.79
Trade receivables - Unsecured, credit impaired[3]		15.66	25.62	52.06
	(A)	**1,162.36**	**563.72**	**468.85**
Impairment allowance (allowance for bad and doubtful debts)				
Trade receivables - Unsecured, credit impaired[3]		(15.66)	(25.62)	(52.06)
	(B)	**(15.66)**	**(25.62)**	**(52.06)**
Total	**(A + B)**	**1,146.70**	**538.10**	**416.79**

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 34.

2. Trade receivables are non-interest bearing and are generally on terms of upto 90 days.

3. Movement in expected credit loss allowance under simplified approach are provided in the table below:

(₹ in Million)

	March 31, 2022	March 31, 2021
Expected credit loss allowance		
At the beginning of the year	25.62	52.06
Provision made during the year	1.80	-
(Utilised) / (reversed) during the year	(11.76)	(26.44)
At the end of the year	**15.66**	**25.62**

4. The Company has trade receivables (including unbilled revenue of ₹ 331.37 Million) aggregating to ₹ 1,011.94 Million as on March 31, 2022, which is outstanding from Capillary Pte Ltd, Singapore ('CPL'), its wholly owned subsidiary. The management of the Company is evaluating various measures including additional funding in CPL and has also realized ₹ 193.84 Million of the outstanding receivables as on the date of approval of these standalone Ind AS financial statements. CPL and some of its subsidiaries have been incurring losses has also incurred losses and has a net working capital deficit position as on March 31, 2022. The management of the Company is confident of recovery of the aforesaid oustanding receivables and is of the view that no adjustments are required to the carrying value of trade receivables in these standalone Ind AS financial statements.

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8.1 Trade receivables ageing schedule

As at March 31, 2022 (₹ in Million)

Particulars	Unbilled*	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	374.21	62.86	508.98	158.38	42.27	-	-	1,146.70
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	6.15	2.99	0.22	-	6.30	15.66
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**374.21**	**62.86**	**515.13**	**161.37**	**42.49**	**-**	**6.30**	**1,162.36**

As at March 31, 2021 (₹ in Million)

Particulars	Unbilled*	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	19.00	93.27	417.30	8.50	0.03	-	-	538.10
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	13.65	5.06	0.57	0.04	6.30	25.62
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**19.00**	**93.27**	**430.95**	**13.56**	**0.60**	**0.04**	**6.30**	**563.72**

As at April 01, 2020 (₹ in Million)

Particulars	Unbilled*	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	19.41	116.81	274.54	5.44	0.02	0.12	0.45	416.79
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	30.18	10.86	3.46	0.78	6.78	52.06
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**19.41**	**116.81**	**304.72**	**16.30**	**3.48**	**0.90**	**7.23**	**468.85**

* Unbilled revenue primarily relates to the Company's rights to consideration for work completed but not billed at the reporting date.

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9 Cash and cash equivalents

		March 31, 2022	March 31, 2021	April 01, 2020
				(₹ in Million)
a) Balances with banks				
On current accounts		101.54	96.78	47.90
	(A)	**101.54**	**96.78**	**47.90**
b) Other bank balances				
Margin money deposits*		156.03	87.26	63.33
	(B)	**156.03**	**87.26**	**63.33**
Amount disclosed under other non-current financial assets (refer note 6)	(C)	(156.03)	(87.26)	(63.33)
	(A+B+C)	**101.54**	**96.78**	**47.90**

*These are lien against short-term borrowings from a bank (refer note 13)

10 Other assets

	March 31, 2022	March 31, 2021	April 01, 2020
			(₹ in Million)
Non-current			
Others (Unsecured, considered good)			
Deferred contract costs*	0.34	1.72	6.13
	0.34	**1.72**	**6.13**
Current			
Advances other than capital advances			
Unsecured, considered good	0.92	0.69	4.59
Others (Unsecured, considered good)			
Deferred contract costs*	1.49	4.68	6.07
Deferred expenses**	23.21	-	-
Prepaid expenses	13.47	12.24	10.73
Balance with statutory / government authorities	15.23	1.55	-
	54.32	**19.16**	**21.39**

* Deferred contract costs represent commission costs paid to sales team and set out below is the movement in the capitalised contract costs

** The Company has incurred an expenditure of ₹ 148.62 Million as at March 31, 2022 towards the proposed Initial Public Offer ('IPO') of which ₹ 113.65 Million being recoverable from the selling shareholder has been recorded under 'Other Financial Assets'. Expenses to the extent of ₹ 23.21 Million is deferred until IPO and the balance ₹ 11.76 Million has been charged off to the statement of profit and loss.

Deferred contract costs	March 31, 2022	March 31, 2021
		(₹ in Million)
At the beginning of the year	6.40	12.20
Additions during the year	0.16	2.47
Amortised during the year	(4.71)	(6.64)
Other adjustments	(0.02)	(1.63)
At the end of the year	**1.83**	**6.40**
The same is shown under:		
Current	1.49	4.68
Non-current	0.34	1.72

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11 Equity share capital

	Equity Shares		Preference Shares	
	Number (in Million)	₹ in Million	Number (in Million)	₹ in Million
Equity shares of ₹ 2 each (March 31, 2021 and April 01, 2020 : ₹ 10 each)				
Preference shares of ₹ 10 each				
Authorised share Capital				
As at April 01, 2020	2.50	25.00	-	-
Increase/ (decrease) during the year	-	-	-	-
As at March 31, 2021	**2.50**	**25.00**	-	-
Increase/ (decrease) during the year[1,3]	28.50	125.00	0.10	1.00
Adjustment for sub-division of equity shares[2]	44.00	-	-	-
As at March 31, 2022	**75.00**	**150.00**	**0.10**	**1.00**

1. The authorized share capital of the Company was increased from ₹ 25 Million i.e 2.50 Million equity shares of ₹ 10 each to ₹ 110 Million i.e. 11 Million equity shares of ₹ 10 each, each ranking pari passu in all respect with the existing equity shares of the Company during the year ended March 31, 2022.

2. Pursuant to the approval of the Board of Directors, the Company has split each equity share of the Company having a face value of ₹ 10 each into 5 equity shares having a face value of ₹ 2 each and accordingly the number of shares increased from 11 Million to 55 Million.

3. Pursuant to the approval of the Board of Directors and as per the applicable provisions of the Act , the authorized share capital of the Company was increased from ₹ 110 Million i.e. 55 Million equity shares of ₹ 2 each to ₹ 150.00 Million i.e. 75 Million equity shares of ₹ 2 each and 0.10 Million preference shares of ₹ 10 each.

(a) Issued share capital

	Equity shares		Equity component of Compulsorily convertible preference shares ('CCPS')	
	Number (in Million)	₹ in Million	Number (in Million)	₹ in Million
Equity shares of ₹ 2 each (March 31, 2021 and April 01, 2020 : ₹ 10 each) issued, subscribed and fully paid up				
Preference shares of ₹ 10 each issued, subscribed and fully paid up				
As at April 01, 2020	**2.33**	**23.33**	-	-
Changes during the year	-	-	-	-
As at March 31, 2021	**2.33**	**23.33**	-	-
Issuance of share capital[1,2,4,5]	0.09	0.90	0.01	0.10
Conversion of CCPS[3]	0.02	0.17	(0.01)	(0.10)
Adjustment for sub-division of equity shares[6]	9.76	-	-	-
Issuance of bonus shares[7]	37.81	75.63	-	-
As at March 31, 2022	**50.01**	**100.03**	-	-

1. Pursuant to the approval of the Board of Directors, the Company approved the allotment of 58,836 equity shares of face value of ₹ 10 each at a price of ₹ 8,840 per equity share (including securities premium of ₹ 8,830 per equity share) for an amount aggregating to ₹ 520.11 Million to the existing equity share holders of the Company on rights issue basis under the provisions of the Act and all other applicable laws and regulations.

2. Pursuant to the approval of the Board of Directors, the Company approved the allotment of 5 equity shares of face value of ₹ 10 each at a price of ₹ 8,840 per equity share (including securities premium of ₹ 8,830 per equity share) for an amount aggregating to ₹ 0.04 million on a private placement basis under the provisions of the Act and all other applicable laws and regulations.

3. Pursuant to the approval of Board of Directors, the Company approved the allotment of 14,915 0.01% Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹ 10 each at a price of ₹ 8,840 per CCPS (including securities premium of ₹ 8,830 per CCPS) for an amount aggregating to ₹ 131.87 Million on a private placement basis under the provisions of the Act and all other applicable laws and regulations. Further, the aforesaid 14,915 CCPS were converted into 17,908 equity shares of face value of ₹ 10 each at a price of ₹ 7,712 per share (including securities premium of 7,702 per share) at the ratio of 1.14626 equity shares for every 1 CCPS held.

4. Pursuant to the approval of Board of Directors, the Company approved the allotment of 24,419 equity shares of face value of ₹ 10 each at a price of ₹ 7,712 per equity share (including securities premium of ₹ 7,702 per equity share) for an amount aggregating to ₹ 188.32 million on a private placement basis under the provisions of the Act and all other applicable laws and regulations.

5. Pursuant to the approval of Board of Directors, the Company approved the allotment of 5,920 equity shares of face value of ₹ 10 each at a price of ₹ 7,712 per equity share (including securities premium of ₹ 7,702 per equity share) for an amount aggregating to ₹ 45.66 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

6. Pursuant to the approval of the Board of Directors, the Company approved the sub-division of each equity share of the Company having a face value of ₹ 10 each into 5 equity shares having a face value of ₹ 2 each.

7. Pursuant to the approval of Board of Directors, the Company approved the bonus issue of 37.81 million equity shares of face value of ₹ 2 each for an amount aggregating to ₹ 75.63 million (fully paid-up by way of capitalisation of ₹ 75.63 Million out of the Company's securities premium account) to the existing equity shareholders of the Company under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

(b) Terms / rights attached to equity shares

The Company has got converted into a Public Limited Company after getting approvals from Registrar of Companies during the year ended March 31, 2022.

The Company has only one class of equity shares having par value of ₹ 2 per share (March 31, 2021: ₹ 10 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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11 **Equity share capital (contd.)**

(c) Terms / rights attached to preference shares
The Company had only one class of Preference Shares having par value of ₹ 10 per share.

Each compulsorily convertible preference share had a par value of ₹ 10 and is convertible at the option of the company into equity shares of the Company prior to the expiry of 20 years from the date of such issuance.

CCPS has been converted into equity shares by factoring the post money fair value of the Company at the time of issuance of CCPS. The number of equity shares issued on conversion of the CCPS was calculated on a fully diluted basis after considering the ESOPs granted in a period of 2 months from the date of issuance of CCPS.

The preference shares carried a dividend of 0.01% per annum. Dividend was to be paid as and when it is paid and declared on the equity shares. The dividend rights are non-cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

Also refer note 11(a)(3).

(d) Shares held by the Holding / Ultimate Holding Company and / or their subsidiaries / associates
Out of the equity shares issued by the Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries / associates are as below -

Name of the shareholder	March 31, 2022	March 31, 2021	April 01, 2020
			(₹ in Million)
Capillary Technologies International Pte Ltd, Singapore, the Holding Company[1]			
49.04 million equity shares of ₹ 2 each fully paid (March 31, 2021: 2.33 Million and April 01, 2020: 2.33 Million equity shares of ₹ 10 each fully paid)	98.08	23.33	23.33

(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2022		March 31, 2021		April 01, 2020	
	No. of shares held (in Million)	% holding in the class	No. of shares held (in Million)	% holding in the class	No. of shares held (in Million)	% holding in the class
Equity shares of ₹ 2 each (March 31, 2021 and April 01, 2020: ₹ 10 each), fully paid						
Capillary Technologies International Pte Ltd, Singapore, the Holding Company[1]	49.04	98.06%	2.33	100.00%	2.33	100.00%

As per the records of the Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

1. Includes 20 share held by Mr. Sridhar Bollam (as a nominee)*
* Pursuant to the Circular Resolution dated August 20, 2021, the Company approved the transfer of 1 share held by Mr. Abhijeet Vijayvergiya to Mr. Sridhar Bollam and creation of beneficial interest under Section 89 of the Companies Act, 2013 in favour of the Company.

(f) Details of shares held by promoters

As at March 31, 2022

	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each	Capillary Technologies International Pte Ltd, Singapore	2.33	46.71	49.04	98.06%	(1.94%)
Total		**2.33**	**46.71**	**49.04**	**98.06%**	**(1.94%)**

As at March 31, 2021

	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each	Capillary Technologies International Pte Ltd, Singapore	2.33	-	2.33	100%	-
Total		**2.33**	**-**	**2.33**	**100%**	**-**

(g) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2022	March 31, 2021	April 01, 2020
	No. of shares (in Million)	No. of shares (in Million)	No. of shares (in Million)
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	37.81	-	-

(h) Shares reserved for issue under options
For details of shares reserved for issue under the Share based payment plan of the Company, please refer note 31.

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12 Other Equity

	₹ in Million
Securities premium	
At April 01, 2020	949.72
At March 31, 2021	**949.72**
Add: Issuance of share capital (refer note 11(1),(2),(4),(5))	753.25
Add: Conversion of CCPS (refer note 11(3))	131.68
Less: Issuance of fully paid bonus shares (refer note 11(7))	(75.63)
At March 31, 2022	**1,759.02**
Capital contribution from parent	
At April 01, 2020	633.66
Employee stock option expenses (refer note 31)	35.70
At March 31, 2021	**669.36**
Employee stock option expenses (refer note 31)	255.59
At March 31, 2022	**924.95**
Share based payments reserve	
At April 01, 2020	-
Employee stock option expenses (refer note 31)	-
At March 31, 2021	-
Employee stock option expenses (refer note 31)	236.88
Capital contribution in subsidiaries (refer note 5, 31 and 34)	22.29
At March 31, 2022	**259.17**
Retained earnings[1]	
At April 01, 2020	(1,483.12)
Profit/ (loss) for the year	166.97
Add: Re-measurement gains / (losses) on defined benefit plans	0.56
At March 31, 2021	**(1,315.59)**
(Loss) / Profit for the year	(221.58)
Add: Re-measurement (losses) / gains on defined benefit plans	(3.74)
At March 31, 2022	**(1,540.91)**
Total other equity	
At April 01, 2020	**100.26**
At March 31, 2021	**303.49**
At March 31, 2022	**1,402.23**

1. The Company has incurred cash losses during the year and in the earlier years which has resulted in substantial erosion of networth of the Company. Though the networth of the Company was substantially eroded, the management of the Company basis its business plan as approved by the Board of Directors expects that there will be a significant increase in the operations of the Company that will lead to improved cash flows and long-term sustainability and the Company will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. In the meantime, the Holding company and one of the investors of the Holding Company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. Subsequent to the Balance Sheet date, the Company has also entered into an arrangement with a third party for financial assistance of ₹ 250 Million. Accordingly, the Standalone Ind AS Financial Statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

Nature and purpose of reserves

12.1 Securities premium
Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with provisions of Section 63 the Companies Act, 2013.

12.2 Capital contribution from parent
Capillary Technologies India Limited's Holding Company had a share option scheme under which it granted employee stock options to certain employees of the Company without any cross charge. Capital contribution from parent is used to recognise the value of equity-settled share-based payments provided to employees of the Company, including key management personnel, as part of their remuneration by the Holding Company. Refer note 26 and 31 for further details.

12.3 Retained earnings
Retained Earnings represents the profits earned till date, less any transfer to General reserve, dividends or other distributions paid to the shareholders.

12.4 Share based payment reserve
The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees of the Company under Employee stock option plan.

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13 Borrowings

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
Loans from related parties:			
External Commercial Borrowing ('ECB') from Holding Company (unsecured)[2] (refer note 34)	153.67	153.83	152.28
Term loans from Body Corporate:			
Indian rupee term loans from Body Corporate - NBFC (secured)[1]	43.50	-	-
Total	**197.17**	**153.83**	**152.28**
Current			
Current maturities of long-term borrowings:			
Term loans from Body Corporate:			
Indian rupee term loans from Body Corporate - NBFC (secured)[1]	112.62	-	16.55
Short-term borrowings:			
Bank overdraft (secured)[5]	96.75	45.61	-
Working Capital loans from a bank (secured)[3,4]	193.95	-	76.81
Total	**403.32**	**45.61**	**93.36**
The above amount includes			
Secured borrowings	446.82	45.61	93.36
Unsecured borrowings	153.67	153.83	152.28

1. Indian rupee term loans from Body Corporate - NBFC carries interest of 14.35% per annum and is payable on a monthly basis in 21 equal instalments. The loan is secured by hypothecation of existing, future, fixed, current and non-current assets, including any and all intellectual property and the intellectual property rights with respect to these movables present and future, accounts, cash flows, receivables, book debts, revenues, equipment, inventory, contract rights or rights to payments of money, leases, license agreements, franchise agreements, goodwill, uncalled capital, general intangibles, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or to be stored in or about the Company's factories, premises and godowns held by any party to the order or disposition of the Company, including in the course of transits, whether in ship or land, and all Company's books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing and is guaranteed by way of a letter of guarantee from Capillary Technologies International Pte Ltd, Singapore, the Holding Company.

2. During the year ended March 31, 2019, the Company had entered into an External Commercial Borrowing ('ECB') arrangement with Capillary Technologies International Pte Ltd, Singapore, the Holding Company. During the year ended March 31, 2020, the Company had taken loans amounting to USD 2 Million carrying interest at the rate of 6 months LIBOR rate plus 300 basis points per annum payable on an annual basis at the end of each financial year. The aforesaid loan is repayable in two equal instalments on March 31, 2024 and September 30, 2024 respectively.

3. Working capital loan from a bank on sales invoice discounting carries interest @ 3 months MCLR plus spread of 0.65% per annum (March 31, 2021: 3 months MCLR plus spread of 1.05% per annum and April 01, 2020: MCLR plus spread of 1.05% per annum) and is payable in 3 months (March 31, 2021 and April 01, 2020 : 90 Days) from the date of disbursement of loan. These loans are secured by way of exclusive charge on the entire receivables of the Company discounted by the bank, first pari-pasu charge on current assets and movable fixed assets (present and future) of the company excluding the receivables discounted by the bank. This loan is also secured by way of corporate guarantee given from Capillary Technologies International Pte Ltd, Singapore, the Holding Company to the extent of ₹ 255 Million. (March 31, 2021 : ₹ 120 Million and April 01, 2020: ₹ 150 Million)

4. Working capital loan from a bank for post shipment credit facility carries interest @ 3 months MCLR plus spread of 0.65% per annum (March 31, 2021 and April 01, 2020: Nil) and is payable in 3 months from the date of disbursement of loan. This loan is secured by way of exclusive charge on the entire receivables of the Company discounted by the bank. This loan is also secured by way of corporate guarantee given from Capillary Technologies International Pte Ltd, Singapore, the Holding Company to the extent of ₹ 255.00 Million.

5. Bank overdraft facility from a bank carries interest @ 3 months Marginal Cost Lending Rate ('MCLR') plus spread of 0.50% (March 31, 2021 - 3 months Marginal Cost Lending Rate ('MCLR') plus spread of 0.60%) per annum and is payable on demand. This loan is secured by 100% cash margin by way of fixed deposits placed under lien in favour of the bank.

6. The Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The Company does not have a process of preparing the financial statements on a quarterly basis. Accordingly, the quarterly statements filed by the Company with such banks cannot be reconciled with the audited / reviewed books of accounts of the Company.

7. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

8. The Company has taken funds from the following entities on account of or to meet the obligations of its subsidiaries, associates or joint ventures as per details below.

(₹ in Million)

Nature of fund taken	Name of lender	Amount involved	Name of the subsidiary, joint venture, associate	Relation	Nature of transaction for which funds utilized
Term Loan	Innoven Capital India Private Limited	215.00	Capillary Pte Ltd, Singapore	Wholly Owned Subsidiary	Investment in equity shares

9. The Company has raised loans during the year committing to pledge the securities held in its subsidiaries to the Lenders as per the terms and conditions of the borrowing arrangement as detailed below. However, the pledge has not been created by the Company as on the date of approval of these standalone Ind AS financial statements. Further, the Company has not defaulted in repayment of such loans raised.

(₹ in Million)

Nature of fund taken	Name of lender	Amount involved	Name of the subsidiary, joint venture, associate	Relation	Details of Security to be Pledged
Term Loan	Innoven Capital India Private Limited	215.00	Capillary Pte Ltd, Singapore	Wholly Owned Subsidiary	

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14 Net employee defined benefit liabilities

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
Provision for employee benefits:			
Provision for gratuity (refer note 30)	32.80	22.54	19.62
	32.80	**22.54**	**19.62**
Current			
Provision for employee benefits:			
Provision for gratuity (refer note 30)	7.68	12.22	16.81
	7.68	**12.22**	**16.81**

15 Provisions

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Current			
Provision for employee benefits:			
Provision for compensated absences	20.08	13.58	16.07
	20.08	**13.58**	**16.07**

16 Other financial liabilities

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
At amortised cost			
Accrued salaries and benefits	45.91	56.35	58.79
Payable towards capital goods	2.97	2.24	3.16
	48.88	**58.59**	**61.95**

17 Other liabilities

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Current			
Contract liabilities - Deferred revenue (refer note 19.2)	29.57	54.21	56.76
Advance from customers	1.91	0.40	1.08
Statutory dues payable	32.49	26.32	26.39
	63.97	**80.93**	**84.23**

18 Trade payables

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
At amortised cost			
Total outstanding dues of micro enterprises and small enterprises[1,2]	7.68	3.08	1.80
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer notes 34)[1]	354.81	94.49	176.87
	362.49	**97.57**	**178.67**
The above amount includes:			
Trade payables to related parties (refer note 34)	58.35	1.89	-
Trade payables to others	304.14	95.68	178.67
	362.49	**97.57**	**178.67**

1. Trade payables are non-interest bearing and are normally settled on terms upto 90 days.

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under.

18.1 Disclosure as per the MSMED Act, 2006

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:			
- Principal amount due to micro and small enterprises	7.68	3.08	1.80
- Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-	-

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18.2 Trade payables ageing Schedule

As at March 31, 2022 (₹ in Million)

Particulars	Unbilled	Outstanding for following periods from due date of payment*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	7.68	-	-	-	7.68
Total outstanding dues of creditors other than micro enterprises and small enterprises	124.45	225.57	4.79	-	-	354.81
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	**124.45**	**233.25**	**4.79**	-	-	**362.49**

As at March 31, 2021 (₹ in Million)

Particulars	Unbilled	Outstanding for following periods from due date of payment*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	3.08	-	-	-	3.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	24.86	69.63	-	-	-	94.49
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	**24.86**	**72.71**	-	-	-	**97.57**

As at April 01, 2020 (₹ in Million)

Particulars	Unbilled	Outstanding for following periods from due date of payment*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	1.80	-	-	-	1.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	30.56	146.31	-	-	-	176.87
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Total	**30.56**	**148.11**	-	-	-	**178.67**

* The management has considered transaction date as the basis for determining the aging of Trade Payables

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19 Revenue from operations

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of services		
Service income from group companies (refer note 34)	959.44	611.35
Retainership and other services from external customers	498.06	445.83
Income from campaign services	175.86	91.85
Total revenue from operations	**1,633.36**	**1,149.03**
India	673.92	537.68
Outside India	959.44	611.35
Total revenue from operations	**1,633.36**	**1,149.03**

19.1 Timing of revenue recognition

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Services transferred over time	1,457.50	1,057.18
Services transferred at a point in time	175.86	91.85
	1,633.36	**1,149.03**

19.2 Contract Balances

(₹ in Million)

	March 31, 2022	March 31, 2021
Trade receivables (Including Unbilled Revenue):-		
-Current (Gross)	1,162.36	563.72
- Impairment allowance	(15.66)	(25.62)
Contract liabilities:-		
Deferred revenue:		
-Current	29.57	54.21
Advance from customers:		
-Current	1.91	0.40

19.3 Revenue recognised during the year

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Arising out of contract liabilities as at the beginning of the year	54.21	56.76

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20 Other income

	For the year ended March 31, 2022	For the year ended March 31, 2021
		(₹ in Million)
Export incentives	-	49.23
Provisions/liabilities no longer required written back	0.61	-
Provision for doubtful trade receivables and advances, no longer required written back	-	3.65
Net gain on disposal/discard of property, plant and equipment	-	0.55
Gain on account of foreign exchange fluctuations (net)	3.20	7.64
Net gain on modification of lease contracts (refer note 32)	-	8.43
Other non-operating income	0.08	0.70
	3.89	**70.20**

21 Finance income

	For the year ended March 31, 2022	For the year ended March 31, 2021
		(₹ in Million)
Interest income on bank deposits	4.55	3.76
Interest income on income tax refund	-	8.58
Interest income on security deposits	0.20	-
	4.75	**12.34**

22 Employee benefit expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
		(₹ in Million)
Salaries, wages and bonus	734.45	650.92
Contribution to provident and other funds (refer note 30)	7.96	7.90
Employee stock option expenses (refer note 31)	332.40	35.70
Gratuity expenses (refer note 30)	10.66	10.50
Staff welfare and training and recruitment expenses	24.90	13.76
	1,110.37	**718.78**

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

23 Depreciation and amortisation expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
		(₹ in Million)
Depreciation of property, plant and equipment (refer note 3)	8.78	7.66
Amortisation of intangible assets (refer note 4)	1.57	2.60
Depreciation of right-of-use assets (refer note 32)	23.98	26.32
	34.33	**36.58**

24 Finance costs

	For the year ended March 31, 2022	For the year ended March 31, 2021
		(₹ in Million)
Interest on debts and borrowings (refer note 34)	40.85	11.11
Interest on lease liabilities (refer note 32)	1.98	3.96
Interest - others	1.21	1.61
Bank charges	2.89	2.02
	46.93	**18.70**

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25 Other expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
	(₹ in Million)	
Payment to Auditor*	1.96	2.17
CSR expenditure (refer note 40)	1.47	-
Provision for doubtful trade receivables and advances (including bad debts written off)	1.80	-
Advances/ deposits written off	2.09	5.75
Rates and taxes	1.60	1.95
Software and server charges (refer note 34)	76.64	34.77
Directors' sitting fees (refer note 34)	0.73	-
Property, plant and equipment written off	0.64	-
Miscellaneous expenses	61.36	33.62
	148.29	**78.26**

***Payment to Auditor (exclusive of goods and services tax)**

	For the year ended March 31, 2022	For the year ended March 31, 2021
	(₹ in Million)	
As auditor:		
Statutory Audit fees	6.60	2.00
In other capacity:**		
Reimbursement of expenses	0.17	0.17
	6.77	**2.17**
Less: Recoverable from Holding Company	(4.81)	-
	1.96	**2.17**

** The above amount excludes payments to auditors amounting to ₹ 210 Million for services rendered on account of proposed Initial Public Offering ('IPO') which are recoverable from the Holding Company.

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26 Exceptional items

	For the year ended March 31, 2022	For the year ended March 31, 2021
	(₹ in Million)	
Employee stock option expenses (refer note 31)[1]	160.07	-
	160.07	-

1. During the year employee stock options granted by the Holding Company to various employees of the Company were cancelled pursuant to the restructuring done by the management as detailed in note 31. The entity has accounted such cancellation as an acceleration of vesting and has recognised immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

27 Income tax

The Company is subject to income tax in India on the basis of Standalone Ind AS Financial Statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which was effective from April 01, 2019, domestic companies had the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the projections had adopted the reduced rates of tax as per the Income Tax Act, 1961 from April 01, 2019.

Income tax expenses in the statement of standalone profit and loss consist of the following:

	For the year ended March 31, 2022	For the year ended March 31, 2021
	(₹ in Million)	
(a) Current tax	-	-
(b) Deferred tax charge/ (credit)*	-	-
	-	-

* Deferred tax is not recognised since it is not probable that the taxable profit will be available against which the unutilised tax losses and temporary differences can be utilised, as assessed at March 31, 2022 and March 31, 2021

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	For the year ended March 31, 2022	For the year ended March 31, 2021
	(₹ in Million)	
(Loss) / profit before taxes	(221.58)	166.97
Applicable tax rates in India	25.17%	25.17%
Computed tax (credit)/charge	(55.77)	42.02
Utilisation of previously unrecognised deferred taxes on unabsorbed losses	-	(42.02)
Tax effect on losses on which deferred tax has not been accounted	55.77	-
Total tax expense	-	-
Income tax reported in the standalone Ind AS statement of profit and loss	-	-

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28 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/ loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the years. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting years. The weighted average number of equity shares outstanding during the years is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the years plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the income and share data used in the basic and diluted EPS computations.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Face value of equity shares (₹ per share)	2.00	2.00
Profit / (loss) attributable to equity shareholders for basic / diluted EPS (₹ in Million) (a)	(221.58)	166.97
Weighted average number of equity shares used for computing EPS (basic) (in Million) (b)**	48.90	47.83
EPS- Basic (₹) (d=a/b)	**(4.53)**	**3.49**
EPS- Diluted (₹) (e=a/c)*	**(4.53)**	**3.49**

*Considering the Company has incurred loss in the current year, the effect of dilution on account of shares to be issued as per Capillary Employees Stock Option Scheme' - 2021 ('CESP') has been ignored.
** Also refer notes 11(2) and (3).

29 Significant accounting judgements, estimates and assumptions

The preparation of the Company's Standalone Ind AS Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits), provision for expected credit losses of trade receivables and contract assets, leases - estimating the incremental borrowing rate, share based payments and imapirment of investments.

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

(a) Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the Standalone Ind AS Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 36 for further disclosures.

(b) Contingencies
Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Refer note 33 for further disclosures.

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plan operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 30.

(d) Provision for expected credit losses of trade receivables and contract assets
The company estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 8(3).

(e) Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. Refer note 32 for further disclosures.

f) Share-based payments
The Company measures the cost of equity settled transactions with employees at the grant date using a Black Scholes model for General Employee Share Option Plan (GESP) and 'Capillary Employees Stock Option Scheme' - 2021 (CESP). This estimation also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, risk free interest rate, volatility, dividend yield and time value of money and making assumptions about them. The assumptions and model used for estimating the fair value of the share based payments are disclosed in note 31. Also refer note 26 for exceptional items.

g) Impairment of investments
Determining whether investment are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on DCF model. Further, the cash flow projections are based on estimates and assumptions which are considered as reasonable by the management.

30 Gratuity and other post-employment benefit plans

I) Defined contribution plan

The Company's contribution to provident fund and other funds are considered as defined contribution plans. The contributions are charged to the Standalone Ind AS Statement of Profit and Loss as they accrue. Contributions to provident and other funds included in employee benefit expenses (refer note 22) are as under:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Contribution to provident fund	7.96	7.90
Total	**7.96**	**7.90**

II) Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expenses recognised in the standalone statement of profit or loss and amounts recognised in the Standalone Ind AS Balance Sheet for gratuity benefit:

i. Net benefit expenses (recognised in the Standalone Ind AS Statement of Profit and Loss)

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	8.52	8.50
Interest cost on defined benefit obligation	2.14	2.00
Net benefit expenses	**10.66**	**10.50**

ii. Remeasurement loss/(gain) recognised in other comprehensive income (OCI):

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial loss/(gain) on obligations arising from changes in experience adjustments	4.97	(2.95)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(0.99)	2.39
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(0.24)	-
Actuarial loss/(gain) recognised in OCI	**3.74**	**(0.56)**

iii. Net defined benefit (liability) / asset

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Defined benefit obligation	(40.48)	(34.76)	(36.43)
Fair value of plan assets	-	-	-
Plan (liability) / asset	**(40.48)**	**(34.76)**	**(36.43)**

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Opening defined benefit obligation	34.76	36.43	46.70
Current service cost	8.52	8.50	9.26
Interest cost on defined benefit obligation	2.14	2.00	2.69
Benefits paid	(8.68)	(11.61)	(11.01)
Actuarial loss/(gain) on obligations arising from changes in experience adjustments	4.97	(2.95)	(4.78)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(0.99)	2.39	(6.43)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(0.24)	-	-
Closing defined benefit	**40.48**	**34.76**	**36.43**

v. The following pay-outs are expected in future years:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Within the next 12 months	7.68	12.22	16.81
Between 1 and 2 years	6.00	4.92	4.23
Between 2 and 3 years	4.72	4.01	3.31
Between 3 and 4 years	3.63	3.17	2.73
Between 4 and 5 years	2.82	2.43	2.16
Between 6 and 10 years	8.97	7.72	6.87
Beyond 10 years	30.60	27.87	36.56
Expected cash outflow in future years	**64.42**	**62.34**	**72.67**

The average duration of the defined benefit plan obligation at the end of the reporting year is 7.12 years (March 31, 2021: 6.50 years and April 01, 2020: 6.78 years)

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Discount rate (in %)	7.02%	6.52%	6.54%
Salary escalation rate (in %)	10.00%	10.00%	Refer note (ii)
Employee turnover/ withdrawal rate	30.00%	28.62%	28.62%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Salary Escalation Rate

Years	Rate of escalation
First year	(10%)
Next 3 years	0%
Future years	10%

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30 Gratuity and other post-employment benefit plans (contd.)

iii) Plan characteristics and associated risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:
a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
b. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.
c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2022 and March 31, 2021 is as shown below:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(1.99)	(1.89)
Impact on defined benefit obligation due to 1% decrease in discount rate	2.22	2.15
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	1.43	1.27
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(1.37)	(1.26)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.35)	(0.36)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.35	0.38

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Standalone Ind AS Balance Sheet.

31 Share-based payments

A Description of the share based payment arrangements

The Company has the following share based payment arrangements:

(a) General Employee Share Option Plan ('GESP') of the Holding Company

The shareholders of the Holding Company had approved the General Employee Share Option Plan (GESP) for the grant of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

At a meeting of the Board of Directors of the Holding Company, 3.22 million options which were granted to various employees of the Holding Company and its subsidiaries on different dates were cancelled as of October 31, 2021. Also refer note 26.

(b) Capillary Employees Stock Option Scheme' - 2021 ('CESP')

The shareholders of the Company have approved the 'Capillary Employees Stock Option Scheme' - 2021 (CESP). The plan provides for the issue of 7,175,000 options to eligible employees and eligible directors of the Capillary Group. Capillary Group shall mean the Company and its wholly owned subsidiaries, either existing or as may be incorporated from time to time and its Holding company and any successor company thereof.

The plan is administered by a Board of Directors of the Company /compensation committee/ nomination and remuneration committee constituted by the Board (as the case may be) (Administrator). Under CESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Administrator. The exercise price shall be as may be determined by the Administrator at the time of grant of options provided that the exercise price shall not be more than the fair market value of the shares as on the date of grant of options.

There shall be a minimum period of one (1) year between the grant of options and vesting of options, with a maximum period of ten (10) years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and the options would vest on a quarterly basis. The option grantee may exercise the vested options (whether granted pre-listing or post-listing) within (a) 10 (ten) years from the date of vesting of options, or (b) 12 (twelve) years from the date of listing, whichever is later.

B Measurement of fair values

(a) The fair value of the share options granted under the GESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the year ended March 31, 2022 and March 31, 2021

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend yield (%)	0%	0%
Expected volatility (%)	31.76% - 86.38%	31.76% - 86.38%
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%
Expected life of option (years)	5 - 7	5 - 7
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	USD 1.81 - 5.45
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	USD 1.23 - 5.45

The fair value of the grants granted under the GESP Scheme during the year ended March 31, 2022 and March 31, 2021 has been estimated based on the fair value of USD 5.449 per options considered for the purpose of acquisition of another Company for which purchase consideration was partly settled in form of options granted under the GESP Scheme.

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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31 Share-based payments (contd.)

(b) The fair value of the share options granted under the CESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Company.

The following table lists the inputs to the option pricing models for the year ended March 31, 2022 and March 31, 2021 respectively:

Particulars	March 31, 2022	March 31, 2021
Dividend yield (%)	0%	-
Expected volatility (%)	33.33%	-
Risk-free interest rate (% p.a.)	6.12% - 6.27%	-
Expected life of option (years)	5.57 - 6.00	-
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	₹ 376	-
Weighted average share price as per Post DLOM & Post DLOC	₹355.96 - ₹357.39	-

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

C Movements during the year

(a) The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, GESP plan during the year:

Particulars	March 31, 2022		March 31, 2021	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the year	4.30	-	4.24	-
Granted during the year	0.59	-	0.17	-
Forfeited / lapsed during the year	(0.03)	-	(0.11)	-
Cancelled during the year	(3.07)	-	-	-
Options outstanding at the end of the year	**1.79**	-	**4.30**	-
Exercisable at period/ year end	1.79		4.16	

The options outstanding as at March 31, 2022 had an exercise price of Nil (March 31, 2021 and April 01, 2020: Nil) and the weighted average remaining contractual life of 4.22 years (March 31, 2021: 5.16 years and April 01, 2020: 6.12 years)

(b) The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, CESP plan during the year:

Particulars	March 31, 2022		March 31, 2021	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the year	-	-	-	-
Granted during the year	3.75	0.05	-	-
Forfeited / lapsed during the year	(0.01)	-	-	-
Options outstanding at the end of the year	**3.74**	**0.05**	-	-
Exercisable at period/ year end	-		-	

The options outstanding as at March 31, 2022 had an exercise price of 0.05 and the weighted average remaining contractual life of 9.68 years.

D Expense recognised in Standalone Ind AS Statement of Profit and Loss

The expense recognised for employee services received during the year is shown in the following table :

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expense arising from equity settled share based payment transaction of GESP recognised in Employee benefit expenses (refer note 22)	95.52	35.70
Expense arising from equity settled share based payment transaction of GESP recognised in Exceptional items (refer note 26)	160.07	-
Expense arising from equity settled share based payment transaction of CESP recognised in Employee benefit expenses (refer note 22)*	236.88	-

* Excludes ₹ 22.29 Million on account of expense arising from equity settled share based payment transaction of CESP recognised in Investments

E The Holding Company had granted stock options to employees of the Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) under ESOP plans as detailed in note 31(A)(a) above. The Holding Company has an obligation to settle the transaction with the employees of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.

The Company has granted stock options to the employees of Capillary Group under ESOP Plan as detailed in note 31(A)(b) above. The company has an obligation to settle the transaction with the employees of the Capillary group by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company has measured its expense in accordance with the requirements applicable to equity-settled share-based payment transaction. Further, the Company has recorded capital contribution in group companies with respect to its obligation to settle the transaction with employees of the group companies by providing its own equity shares.

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32 Leases

Company as a lessee during the year

The Company has lease contracts for office facilities. The lease term of the office facilities is generally 1-5 years. The Company also has certain leases of offices with lease terms of 12 months or less or low value. The Company applies the leases of low value assets and short term leases recognition exemptions for these leases.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The carrying amounts of right-of-use assets recognised and the movements during the year is as follows:

(₹ in Million)

	Office premises	
Particulars	**March 31, 2022**	**March 31, 2021**
Opening balance	19.77	128.04
Additions	33.68	-
Depreciation expenses	(23.98)	(26.32)
Modification of right-of-use assets/other adjustments	-	(81.95)
Closing balance	**29.47**	**19.77**

The carrying amounts of lease liabilities recognised and the movements during the year is as follows:

(₹ in Million)

	March 31, 2022	**March 31, 2021**
Opening balance	6.12	119.61
Additions	33.68	-
Accretion of interest	1.98	3.96
Payments	(11.06)	(23.33)
Modification of lease liabilities	-	(81.95)
Adjusted with security deposits	-	(12.17)
Closing balance	**30.72**	**6.12**
The same is shown under:		
Current	19.44	6.12
Non-current	11.28	-

The maturity analysis of lease liabilities are disclosed in note 35.

The effective interest rate for lease liabilities is 14.35% (March 31, 2021: 14.50% and April 01, 2020: 14.50%).

The following amounts are recognised in the Standalone Ind AS Statement of Profit and Loss

(₹ in Million)

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**
Depreciation expense of right-of-use assets	23.98	26.32
Interest expense on lease liabilities	1.98	3.96
Expense relating to leases of low-value assets/short term leases (included in other expenses)	0.15	6.59
Total amount recognised in the Standalone Ind AS Statement of Profit and Loss	**26.11**	**36.87**

The Company had total cash outflows for leases of ₹ 11.21 Million during the year ended March 31, 2022 (March 31, 2021: ₹ 29.92 million).

33 Contingent liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its Standalone Ind AS Financial Statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the Standalone Ind AS Financial Statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(₹ in Million)

Particulars	**March 31, 2022**	**March 31, 2021**	**April 01, 2020**
Bank guarantees outstanding	3.91	3.91	-
Total	**3.91**	**3.91**	**-**

(i) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. In the absence of reliable measurement of the provision for earlier years, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

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34 Related party disclosures

a) Names of the related parties and description of relationship

Nature of Relationship	Name of the Party
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore (Holding/ Parent Company)
Subsidiary Companies	Capillary Pte Ltd., Singapore (incorporated w.e.f. July 21, 2021) Capillary Technologies DMCC, UAE Capillary Technologies (Shanghai) Co. Ltd, China Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia PT Capillary Technologies Indonesia, Indonesia Persuade Holding Inc. (formerly known as 'Persuade Holdings LLC'), USA Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA
Fellow subsidiaries	Capillary Technologies Inc., USA Capillary Technologies (UK) Limited, United Kingdom Reasoning Global eApplications Private Limited, India
Key managerial personnel and their relatives (where transactions have taken place)	Mr. Sridhar Bollam (Resigned directorhip w.e.f December 10, 2021) Mr. Aneesh Reddy Boddu, Executive director and Chief Executive Officer Mr. Mohan Reddy Boddu, Relative Mr. Aditya Reddy Boddu, Relative Ms. Pavani Reddy Boddu, Relative Mr. Anant Choubey, Director, Executive director and Chief Operating Officer (Appointed w.e.f. January 02, 2020) Mr. Alok Choubey, Relative Mr. Satish Kumar Choubey, Relative Mr. Venkat Ramana Tadanki, Independent Director (Appointed w.e.f. December 10, 2021) Ms. Janaki Munjuluri Rao, Relative Mrs. Neelam Dhawan, Independent Director (Appointed w.e.f. December 10, 2021) Mr. Sameer Garde, Independent Director (Appointed w.e.f. December 10, 2021) Mrs. Yamini Preethi Natti, Independent Director (Appointed w.e.f. December 10, 2021) Mr. Farid Lalji Kazani, Independent Director (Appointed w.e.f. December 10, 2021) Mr. Abhijeet Rajendra Vijayvergiya, Director (Resigned w.e.f. January 02, 2020) Mr. Mahendra Chordia, Chief Financial Officer (Appointed w.e.f. August 31, 2021 and resigned w.e.f. May 13, 2022) Mrs. G. Bhargavi Reddy, Company Secretary (Appointed w.e.f. July 14, 2021)

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34 Related party disclosures (contd.)

b) Summary of transactions and outstanding balances with above related parties are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1) Transactions during the year		
a) Service income from group companies		
Capillary Pte Ltd., Singapore	399.77	-
Capillary Technologies International Pte. Ltd., Singapore	559.67	611.35
b) Interest on debts and borrowings		
Capillary Technologies International Pte. Ltd., Singapore	6.79	7.53
c) Expenditure incurred on behalf of the Company by others		
Capillary Technologies International Pte. Ltd., Singapore	30.05	-
Capillary Pte Ltd., Singapore	26.18	-
Capillary Technologies DMCC, UAE	0.20	-
d) Directors' sitting fees*		
Mr. Venkat Ramana Tadanki	0.60	-
Mrs. Neelam Dhawan	0.70	-
Mr. Sameer Garde	0.70	-
Mrs. Yamini Preethi Natti	0.40	-
Mr. Farid Lalji Kazani	0.70	-
e) Investment in unquoted equity shares		
Capillary Pte Ltd., Singapore	937.44	-
f) Capital contribution in subsidiaries		
Capillary Technologies DMCC, UAE	4.42	-
Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	5.75	-
Capillary Technologies (Shanghai) Co Ltd., China	1.35	-
PT Capillary Technologies Indonesia	0.41	-
Capillary Pte Limited, Singapore	0.10	-
Capillary Technologies LLC, USA	10.26	-
g) Issuance of equity shares (including securities premium)		
Capillary Technologies International Pte. Ltd., Singapore	520.11	-
Mr. Mohan Reddy Boddu	15.01	-
Mr. Anant Choubey	15.01	-
Mr. Aditya Reddy Boddu	7.39	-
Mr. Mahendra Chordia (Appointed w.e.f. August 31, 2021 and resigned w.e.f. May 13, 2022)	5.01	-
Ms. Pavani Reddy Boddu	3.50	-
Mr. Sridhar Bollam, Director (Resigned directorhip w.e.f December 10, 2021)	3.01	-
Ms. Janaki Munjuluri Rao (Joint ownership with Mr. Munjaluri Nagabhushana Rao)	3.01	-
Mr. Alok Choubey	2.51	-
Mr. Satish Kumar Choubey	2.51	-
Mrs. Yamini Preethi Natti	1.50	-
h) Issuance of preference shares (including securities premium)**		
Mr. Venkat Ramana Tadanki	36.80	-
Mr. Farid Lalji Kazani	32.50	-
Mr. Sameer Garde	2.01	-
Mrs. Neelam Dhawan	7.51	-
i) Collections made on behalf of the Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	-	1.89
j) Expenditure incurred by the Company on behalf of others		
Capillary Technologies International Pte. Ltd., Singapore (Holding/ Parent Company)	119.19	-
Capillary Pte Ltd., Singapore	5.46	-
k) Corporate guarantees taken from the Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	135.00	-
l) Remuneration to key managerial personnel and their relatives (including employee stock option expenses)		
Mr. Anant Choubey	75.20	6.62
Mr. Aneesh Reddy Boddu	124.95	15.36
Mr. Mahendra Chordia (Appointed w.e.f. August 31, 2021 and resigned w.e.f. May 13, 2022)	24.02	-
Mrs. G. Bhargavi Reddy	3.70	-
Mr. Sridhar Bollam (Resigned directorship w.e.f December 10, 2021)	6.90	5.29

* Includes ₹ 2.37 Million recoverable from Capillary Technologies International Pte. Ltd., Singapore

** These have been converted into equity shares during the year. Also refer note 11(3).

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34 Related party disclosures (contd.)

2) Outstanding balances as at year end

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
a) Trade receivables			
Capillary Technologies International Pte. Ltd., Singapore	-	373.60	213.14
Capillary Pte Ltd., Singapore (including Unbilled revenue of ₹ 331.37 Million)	1,011.94	-	-
b) Other receivables from related parties			
Capillary Pte Ltd., Singapore	11.00	-	-
Capillary Technologies International Pte. Ltd., Singapore	113.65	-	6.33
Capillary Technologies DMCC, UAE	-	-	2.46
c) External commercial borrowings (including interest accrued)			
Capillary Technologies International Pte. Ltd., Singapore	153.67	153.83	152.28
d) Trade Payables			
Capillary Technologies International Pte. Ltd., Singapore	-	1.89	-
Capillary Pte Ltd., Singapore	58.15	-	-
Capillary Technologies DMCC, UAE	0.20	-	-
e) Corporate guarantees taken from the Holding Company			
Capillary Technologies International Pte. Ltd., Singapore	255.00	120.00	120.00

c) Key Managerial Personnel's interests in the share based payments plan:
Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows

Share based payments plan	Exercise price	Number Outstanding (in Million)		
		March 31, 2022	March 31, 2021	April 01, 2020
General Employee Share Option Plan (GESP) of the Holding Company	-	-	0.98	0.98
Capillary Employees Stock Option Scheme' - 2021 ('CESP')	-	1.23	-	-

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Holding Company and the Company. Refer to note 30 for further details on the scheme.

Notes:-

1. The transactions with related parties are made by the Company on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.

2. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the key managerial personnel are not ascertainable and, therefore, not disclosed above.

3. In respect of the transactions with the related parties, the Company has complied with the provisions of Section 188 and Section 177 of the Companies Act, 2013 where applicable, and the details have been disclosed above, as required by the applicable accounting standards.

4. Refer note 13 for borrowings with regard to securities given by the Holding Company for the loan facility availed by the Company.

5. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

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35 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:
Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Management Team who are Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of the Standalone Ind AS Financial Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as "unallocated".

(ii) Reportable segments:
An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of Ind AS 108 - 'Operating Segments' i.e. the segments have similar economic characteristics and the segments are similar in the nature of services, type or class of customer for their services etc. CODM evaluates the performance of the Company based on the single operative segment as cloud based intelligent customer engagement software solutions to retail chain operators ('CRM Services'). Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

(b) Geographical information

(₹ in Million)

Particulars	Revenue from Operations*	
	For the year ended March 31, 2022	For the year ended March 31, 2021
India	673.92	537.68
Outside India	959.44	611.35
Total	**1,633.36**	**1,149.03**

(₹ in Million)

Particulars	Non-current Assets**		
	March 31, 2022	March 31, 2021	April 01, 2020
India	50.07	30.83	149.03
Outside India	-	-	-
Total	**50.07**	**30.83**	**149.03**

*Revenue by geographical area are based on the geographical location of the customers.
**Non-current assets excludes financial instruments and tax assets.

(c) Revenue from two external customer of ₹ 959.44Million (March 31, 2021: ₹ 611.35 Million) is more than 10% of the Company 's total revenue from operations.

36 Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.2 (l).

(a) Financial assets and liabilities

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through profit and loss or fair value through other comprehensive income as at March 31, 2022, March 31, 2021 and April 01, 2020.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2022, March 31, 2021 and April 1, 2020

(₹ in Million)

Particulars	Carrying and Fair Value		
	March 31, 2022	March 31, 2021	April 01, 2020
Financial assets			
(i) Investments	959.73	-	-
(ii) Trade receivables	1,146.70	538.10	416.79
(iii) Cash and cash equivalents	101.54	96.78	47.90
(iv) Other financial assets	284.28	91.75	94.62
Total	**2,492.25**	**726.63**	**559.31**
Financial liabilities			
(i) Borrowings	600.49	199.44	245.64
(ii) Trade payables	362.49	97.57	178.67
(iii) Lease liabilities	30.72	6.12	119.61
(iv) Other financial liabilities	48.88	58.59	61.95
Total	**1,042.58**	**361.72**	**605.87**

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36 **Disclosures on financial instruments (contd.)**

(b) Fair Value Hierarchy

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2022 and March 31, 2021.

(c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings and lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk
Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(1) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. Thus profits and cash flows from financing activities are dependent on market interest rates. Further, any decline in the credit rating of the Company will have an adverse impact on the interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Fixed rate instruments:			
Financial liabilities	156.12	-	16.55
Variable rate instruments:			
Financial liabilities	444.37	199.44	229.09

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

Particulars	Increase/decrease in basis points	For the year ended March 31, 2022	For the year ended March 31, 2021	April 01, 2020
Interest rate fluctuation	+50	(2.22)	(1.00)	(1.15)
Interest rate fluctuation	-50	2.22	1.00	1.15

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36 Disclosures on financial instruments (contd.)

(2) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

The following table shows foreign currency exposure at the end of reporting year.

Particulars	March 31, 2022		March 31, 2021		April 01, 2020	
	Amount in USD (in Million)	Amount in ₹ (in Million)	Amount in USD (in Million)	Amount in ₹ (in Million)	Amount in USD (in Million)	Amount in ₹ (in Million)
Financial assets						
Trade receivables (including Unbilled revenue)	13.33	1,011.94	5.11	373.60	2.82	213.14
Other receivables from related parties	1.64	124.65	-	-	0.12	8.79
Financial liabilities						
Borrowings (including interest accrued on ECB)	3.34	253.38	2.10	153.83	2.02	152.28
Trade payables	0.94	71.61	0.04	2.79	0.01	0.50

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ in Million)

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
March 31, 2022			
USD	5%	40.58	(40.58)
March 31, 2021			
USD	5%	10.85	(10.85)
April 01, 2020			
USD	5%	3.46	(3.46)

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2022, March 31, 2021 and April 01, 2020. The year end balances are not necessarily representative of the average debt outstanding during the year.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 2,492.25 Million (March 31, 2021: ₹ 726.63 Million and April 01, 2020: ₹ 559.31 Million), being the total carrying value of investments, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. Further, the trade receivable from holding Company constitutes approximately 92% of trade receivables as at March 31, 2022 (March 31, 2021: approximately 71% and April 01, 2020: approximately 53%)

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Refer note 8(3) for movement in expected credit loss for the years ended March 31, 2022 and March 31, 2021

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund based working capital limits from a bank. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

(₹ in Million)

Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
March 31, 2022				
Borrowings (refer note 1)	405.20	199.20	-	604.40
Lease liabilities	19.44	15.12	-	34.56
Trade payables	362.49	-	-	362.49
Other financial liabilities	48.88	-	-	48.88
	836.01	**214.32**	**-**	**1,050.33**
March 31, 2021				
Borrowings (refer note 1)	45.61	153.83	-	199.44
Lease liabilities	6.12	-	-	6.12
Trade payables	97.57	-	-	97.57
Other financial liabilities	58.59	-	-	58.59
	207.89	**153.83**	**-**	**361.72**
April 01, 2020				
Borrowings (refer note 1)	93.36	152.28	-	245.64
Lease liabilities	35.89	120.45	-	156.34
Trade payables	178.67	-	-	178.67
Other financial liabilities	61.95	-	-	61.95
	369.87	**272.73**	**-**	**642.60**

Notes:

1 The above disclosure excludes interest to be paid on the borrowings, by the Company.

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37 Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long-term and short-term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long-term and short-term borrowings and support from the Holding Company.

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity share holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Borrowings (refer note 13)	600.49	199.44	245.64
Less: Cash and cash equivalents (refer note 9)	(101.54)	(96.78)	(47.90)
Total debts (A)	**498.95**	**102.66**	**197.74**
Equity share capital (refer note 11)	100.03	23.33	23.33
Other equity (refer note 12)	1,402.23	303.49	100.26
Total capital (B)	**1,502.26**	**326.82**	**123.59**
Capital and borrowings C= (A+B)	**2,001.21**	**429.48**	**321.33**
Gearing ratio (%) D= (A/C)	**24.93%**	**23.90%**	**61.54%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

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38 First time adoption of Ind AS

A. First-time adoption

These standalone financial statements, for the year ended March 31, 2022, are the first financial statements, the Company has prepared in accordance with Ind AS. For the periods upto March 31, 2021, the Company has prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ("Indian GAAP" or "previous GAAP").

Accordingly, the Company has prepared these standalone financial statements which comply with Ind AS applicable for the year ended March 31, 2022, together with the comparative period data as at and for the year ended March 31, 2021, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2020, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2020 and the financial statements as at and for the year ended March 31, 2021.

B. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Deemed cost for property, plant and equipment and intangible assets
Ind AS 101 permits a first-time adopter to elect to continue with the net carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its PPE and intangible assets at their Previous GAAP net carrying value.

Leases
Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. Accordingly as per Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

Designation of previously recognised financial instrument
Financial assets and financial liabilities are classified at fair value through profit and loss based on facts and circumstances as at the date of transition to Ind AS. Financial asset and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 01, 2020 and not from the date of initial recognition.

Share - based payment transactions
Ind AS 101 permits a first time adopter to not apply Ind AS 102 share based payments to equity instruments that settled before date of transition to Ind AS. Accordingly, the Company has elected to measure only those employee stock options that have not been settled as on the date of transition to Ind AS i.e. April 01, 2020 and not from the date of initial recognition.

C. Mandatory Exemptions
The Company has adopted all relevant mandatory exemptions as set out in Ind AS 101, which are as below:

Estimates
The estimates as at April 01, 2020 and March 31, 2021 are consistent with those made for the same dates in accordance with Indian GAAP except impairment of financial assets based on expected credit loss model. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2020, the date of transition to Ind AS and as of March 31, 2021.

Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

Derecognition of financial assets
As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions appearing on or after the date of transition to Ind AS.

Impairment of financial assets
The Company has applied exemption related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 01, 2020.

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D. Statement of reconciliation of total equity and Profit and loss as per previous GAAP and Ind AS

Reconciliation of total equity as at March 31, 2021 and April 01, 2020

Equity reconciliation (₹ in Million)

Particulars	Notes to first time adoption	March 31, 2021	April 01, 2020
Total equity as per previous GAAP (A)		**317.30**	**109.00**
Ind AS 116: Recognition of right of use assets and lease liabilities (including impact of derecognition of rent equalisation reserve per Previous GAAP)	a	(6.94)	2.39
Ind AS 115: Impact on account of capitalisation of contract costs	b	8.03	12.20
Ind AS 109: Recognition of financial instruments at amortised cost	c	8.43	-
Total Ind AS Adjustments (B)		**9.52**	**14.59**
Total Equity as per Ind AS (C=A+B)		**326.82**	**123.59**

Reconciliation of total profit for the year ended March 31, 2021.

Total Comprehensive income reconciliation (₹ in Million)

Particulars	Notes to first time adoption	March 31, 2021
Net profit after tax under previous GAAP (A)		**208.30**
Ind AS 116: Recognition of right of use assets and lease liabilities (including impact of derecognition of rent equalisation reserve per Previous GAAP)	a	(9.33)
Ind AS 115: Impact on account of capitalisation of contract costs	b	(4.17)
Ind AS 109: Recognition of financial instruments at amortised cost	c	8.43
Ind AS 102: Share based payments expense	d	(35.70)
Ind AS 19: Recognition of remeasurement gain/losses through OCI (net of tax effect)	e, f	(0.56)
Total Ind AS Adjustments (B)		**(41.33)**
Net Profit for the year (C=A+B)		**166.97**
Other Comprehensive income (net of tax)	e, f	0.56
Total Comprehensive income (net of tax)		**167.53**

E. Notes to reconciliations between Previous GAAP and Ind AS

a) Ind AS 116: Recognition of right of use assets and lease liabilities
Under Previous GAAP, the Company as a lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Pursuant to application of Ind AS 116, for operating leases other than those for which the Company has opted for low value and short-term exemption, the Company has recorded a right-of-use assets and a corresponding lease liability. Right-of-use (ROU) asset is amortised over the lease term or useful life of the leased assets whichever is lower and lease liability is subsequently measured at amortised cost and interest expense is recognised. The deferred rent under Previous GAAP towards straightlining of rent was adjusted with value of rent expense on transition to Ind AS in respective years.

b) Ind AS 115: Capitalisation of contract costs
Under Previous GAAP, the Company recognised incremental costs of obtaining a contract like sales commission expenses in entirety in the year in which they were incurred. However, under Ind AS, the Company has amortised such expenses over the tenor of the contract.

c) Ind AS 109: Recognition of financial instruments at amortised cost
Under Previous GAAP, the Company recognised interest-free rent deposits at their transaction value, however under Ind AS, these deposits are initially recognised at fair value. The difference between the present value and the principle amount of the deposit paid at inception to be accounted for as deferred lease assets, which would be recognised as an expense on a straight line bases over the lease term. Correspondingly , there will be interest income accrued on the discounted value of deposits. Other deposits (utility deposits) are payable on demand and have no contractual period. Hence there are no GAAP differences for these demand deposits.

d) Ind AS 102 ESOP: Share based payments
Under Previous GAAP, the Company was of the opinion that there is no accounting treatment/disclosure required under the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. However under Ind AS, employee stock options of Capillary Technologies International Pte Limited, the Holding Company given to selected employees of the Company without any cross charge are required to be accounted as capital contribution from Parent.

e) Ind AS 19: Recognition of remeasurement gain/losses through OCI (net of tax effect)
Under Ind AS, remeasurement gains/losses on defined benefit plans are recognized in other comprehensive income. Under Previous GAAP, these remeasurements were forming part of the profit or loss for the year. The application of the above principle has resulted in change in the profit for the year and as at applicable balance sheet date.

(f) Ind AS 1: Other comprehensive income
Under Previous GAAP, the Company was not required to present OCI separately. Hence, the Company has reconciled Previous GAAP profit to profit and total comprehensive income as per Ind AS.

(g) Ind AS 7: Cash flow statements
The transition from the Previous GAAP to Ind AS did not have material impact on the statement of cash flow, except for payment of lease liabilities, which were forming part of operating activity under Previous GAAP and are now included under financing activity.

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39 Ratio Analysis and its elements

(₹ in Million)

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	April 01, 2020	Variance (March 2022 vs March 2021)	Variance (March 2021 vs April 2020)	Explanation for Variance (March 2022 vs March 2021)	Explanation for Variance (March 2021 vs April 2020)
Current ratio	Current Assets	Current Liabilities	1.55	2.09	1.04	(25.84%)	100.96%	There is a decrease primarily on account of increase in borrowings	There is an improvement primarily on account of increase in trade receivables balances and decrease in trade payables balances
Debt- Equity Ratio	Total Borrowings	Total equity	0.40	0.61	1.99	(34.43%)	(69.35%)	There is an improvement primarily on account of issue of equity shares at premium	There is an improvement primarily on account of profitable operations in the current year

(₹ in Million)

Ratio	Numerator	Denominator	For the year ended March 31, 2022	For the year ended March 31, 2021	Variance (March 2022 vs March 2021)	Explanation for Variance (March 2022 vs March 2021)
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Finance costs	Debt service = Finance costs and Lease Payments + Principal Repayments of borrowings	(1.19)	2.57	(146.30%)	Primarily on account of losses in current year operations on account of higher employee stock option expenses
Return on Equity ratio	Net Profit after taxes	Average Total equity	(0.24)	0.74	(132.43%)	Primarily on account of losses in current year operations on account of higher employee stock option expenses
Inventory Turnover ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Trade Receivable Turnover Ratio	Revenue from operations	Average Trade Receivables	1.94	2.41	(19.50%)	-
Trade Payable Turnover Ratio	Cost of campaign services + Professional and consultancy services and other expenses	Average Trade Payables	2.23	2.10	6.19%	-
Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets - Current liabilities	3.23	3.34	(3.29%)	-
Net Profit ratio	Net profit after tax	Revenue from operations	(0.14)	0.15	(193.33%)	Primarily on account of losses in current year operations on account of higher employee stock option expenses
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Borrowings + Total Lease Liabilities	(0.08)	0.35	(122.86%)	Primarily on account of losses in current year operations on account of higher employee stock option expenses
Return on Investment	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	There is no dividend income/ sale of investments

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40 Details of CSR expenses:

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Gross amount required to be spent by the Company	0.81	-

b) Amount spent during the year ending March 31, 2022

(₹ in Million)

	In Cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.47	-	1.47

c) Amount spent during the year ending March 31, 2021

(₹ in Million)

	In Cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	-	-	-

(₹ in Million)

d) Details related to spent / unspent obligations:	For the year ended March 31, 2022	For the year ended March 31, 2021
i) Contribution to others	1.47	-
ii) Unspent amount in relation to:		-
- Ongoing project	-	-
- Other than Ongoing Project	-	-
	1.47	-

e) Excess CSR spent during the year ending March 31,

(₹ in Million)

In case of S.135(5) Excess amount spent			
Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	0.81	1.47	0.66

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41 **Business Combinations**

(a) Business and Loan Transfer Agreement including Addendum thereto and Gift deeds for transfer of shares of certain subsidiaries between Capillary Technologies International Pte Ltd and Capillary Pte Ltd.

On July 21, 2021, the Holding Company incorporated Capillary Pte Ltd ("CPL") under the laws of Singapore with 100 equity shares of SGD 0.01 per share. On September 1, 2021, the Company subscribed 1,385,135,135 equity shares of CPL at a fair value of USD 0.0074 per share aggregating to INR 750.04 million (USD 10.25 million). On October 29, 2021, CPL bought back the shares held by the Holding Company and as a result of such buy back, CPL became wholly owned subsidiary of the Company. On December 28, 2021, the Company further subscribed to 178,571,429 equity shares of CPL at a fair value of USD 0.014 per share aggregating to ₹ 186.72 million (USD 2.50 million).

Pursuant to the Business and Loan Transfer Agreement dated November 01, 2021,the Holding Company has transferred the business including transfer of Business Assets and Liability to CPL at a consideration of USD 0.22 Million.

Pursuant to the Gift deeds entered by Capillary Technologies International Pte Ltd in favour of Capillary Pte Ltd, Capillary Technologies International Pte Ltd voluntary, unconditionally and irrevocably grants, conveys and assigns to Capillary Pte Ltd, as a gift and for no consideration whatsoever, the entire share capital of the Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia, Capillary Technologies DMCC, UAE, Capillary Technologies (Shanghai) Ltd. Co., People's Republic of China and PT Capillary Technologies Indonesia, Indonesia and all the right, title, interest and benefit therein ("Gift Shares").

(b) Acquisitions during the year

On September 01, 2021 (closing date), CPL executed an Acquisition Agreement and acquired 100% membership interest and shareholding of Capillary Technologies LLC, USA (formerly known as Persuade Loyalty LLC) and Persuade Holdings Inc. (formerly known as Persuade Holdings LLC) respectively (collectively "Persuade Group").

Assets acquired

The fair value of identifiable assets and liabilities of Persuade Group are shown below:

	(₹ in Million) Balance recognised on acquisition
Assets and liabilities	
Intangible assets	471.00
Net tangible assets acquired	44.36
Deferred tax liability on intangibles and present value adjustment on purchase consideration	(129.75)
Goodwill	1,472.72
Purchase Consideration	**1,858.33**
Purchase Consideration	
Consideration paid upfront in cash	917.89
Deferred Consideration to be paid in cash	138.60
Consideration to be settled by way of stock issue by the Holding Company	801.84
	1,858.33

All other disclosures as required under Ind AS 103 are as follows -

(i) no contingent liabilities have been recognised.
(ii) there are no such transactions that are recognized separately from the acquisition of assets and assumption of liabilities in the business combination.
(iii) the above business combination is a bargain-purchase.
(iv) the above business combination is not achieved in stages.
(v) Goodwill is not tax deductible.

42 The spread of COVID-19 had severely impacted the business operations around the globe including India. The nationwide lockdown had impacted the Company's business volumes on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the year ended March 31, 2022 and March 31, 2021. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these Standalone Ind AS Financial Statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company and one of the investors of the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

43 As at March 31, 2022, inter-company payables amounting to ₹ 1.92 Million (March 31, 2021 and April 01, 2020: ₹ Nil) towards procurement of services and inter-company receivables amounting to ₹ 42.27 Million (March 31, 2021 and April 01, 2020: ₹ Nil) towards rendering of services were outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by the Reserve Bank of India ('RBI'), which states that payments against imports of goods and services are required to be made within six months from date of shipment and receipts against exports of goods and services are required to be made within nine months from date of shipment respectively. Subsequent to the year end date, the Company has made payment of ₹ 1.92 Million towards procurement of services and has received a payment of ₹ 42.27 Million towards rendering of services. The management is of the view that penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management in these Standalone Ind AS Financial Statements in this regard.

44 The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the Income Tax Act 1961 ('regulations') to determine whether the transactions entered during the year ended March 31, 2022 with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the Standalone Ind AS Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

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45 Events after the reporting period

(i) The Company proposes to undertake an Initial Public Offer ('IPO') of equity shares and is in the process of filing of Red Herring Prospectus with Securities and Exchange Board of India ('SEBI').

46 Other Statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company does not have any transactions with companies struck off during the year.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period other than those disclosed in note 13(12).

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the years ended March 31, 2022 and March 31, 2021.

(v) Following are the details of the funds advanced by the Company to Intermediaries for further advancing to the Ultimate beneficiaries.

(₹ in Million)

Name of the intermediary to which the funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are invested by intermediaries to Ultimate Beneficiaries	Amount of funds further advanced to Ultimate Beneficiaries	Ultimate Beneficiary
Capillary Pte Ltd , Singapore	September 01, 2021	750.04	September 13, 2021	735.88	Shareholders of Persuade Holding Inc (formerly known as 'Persuade Holdings LLC'), USA (refer details below) and Capillary Technologies LLC, USA (formerly known as Persuade Loyalty LLC)
	December 28, 2021	187.40	September 16, 2021	0.28	
			December 25, 2021	181.73	

The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and The Companies Act,2013 for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2022 (15 of 2003)

Complete details of the Intermediary and Ultimate Beneficiary:

Name of the entity	Registered Address	Government Identification Number	Relationship with the Company
Capillary Pte. Ltd (Intermediary)	68 Circular Road #02-01 Singapore 049422	202125294W	Subsidiary

As detailed above, the Ultimate Beneficiaries are shareholders of Persuade Holding Inc. (formerly known as 'Persuade Holdings LLC'), USA (refer details below) and Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA, hence complete details of ultimate beneficiary have not been furnished.

(vi) Following are the details of the funds received by the Company and further advanced to the Ultimate beneficiaries:

(₹ in Million)

Name of the Company who has advanced the funds	Date of funds received	Amount of funds received	Date on which funds are further advanced to other intermediary	Amount of funds further advanced to other intermediary	Other intermediary
Capillary Technologies International Pte. Ltd	August 31, 2021	520.11	September 01, 2021	750.04	Capillary Pte. Ltd
			December 28, 2021	187.40	

Refer table above for utilisation of funds by Capillary Pte. Ltd, Singapore

Complete details of the intermediary and Ultimate

Name of the entity	Registered Address	Government Identification Number	Relationship with the Company
Capillary Technologies International Pte. Ltd (Funding Party)	50 Raffles Place, 19-00 Singapore Land Tower Singapore 048623	201203442K	Holding/ Parent Company
Capillary Pte. Ltd (Intermediary)	68 Circular Road #02-01 Singapore 049422	202125294W	Subsidiary

(vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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47 **Interest in significant investment in subsidiaries and associates as per Ind AS - 27**

Name of the entity	Relationship as at		Percentage of effective ownership interest held (directly and indirectly)		Percentage of voting rights held as at		Date of incorporation	Country of incorporation/ place of business
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021		
Capillary Pte Ltd., Singapore	Subsidiary	-	100%	-	100%	-	July 21, 2021	Singapore

48 MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial period starting April 01, 2021.

49 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Standalone Ind AS Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

50 Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Sandeep Karnani
Partner
Membership No. 061207
Place: Bengaluru
Date: September 13, 2022

For and on behalf of the Board of Directors of
Capillary Technologies India Private Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)

Report on the Audit of the Consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

S. R. Batliboi & Associates LLP Bengaluru

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

S.R. Batliboi & Associates LLP
Bengaluru

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary located outside India (the said subsidiary has six underlying subsidiaries including two subsidiaries which have been consolidated w.e.f. September 01, 2021), whose financial statements include total assets of ₹ 3,744.28 Million as at March 31, 2022, total revenue from operations of ₹ 1,341.53 Million and net cash outflows of ₹ 63.44 Million for the year/ period ended on that date (before adjustments on consolidation). These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

All these subsidiaries are located outside India and the Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and whose financial statements and other financial information have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of such other auditors.

(b) The comparative consolidated Ind AS financial statements and financial information for the year ended and as at March 31, 2021 and as at April 01, 2020 presented in the accompanying consolidated Ind AS financial statements are based on information compiled by the management and were not subjected to an audit or independent review by a firm of chartered accountants.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of

S.R. Batliboi & Associates LLP Bengaluru

Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure II" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other Matter' paragraph:

i. The Group does not have any pending litigations which would impact its consolidated financial position;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2022.

iv. a) The management of the Holding Company has represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 45(v) to the accompanying consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b)The management of the Holding Company has represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 45(v) to the accompanying consolidated Ind AS financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or

S.R. Batliboi & Associates LLP Bengaluru

invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 22061207ASBXHY5591

Place of Signature: Bengaluru
Date: September 13, 2022

Annexure I referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that the qualifications or adverse remarks on Companies (Auditor's Report) Order, 2020 ('the Order') of the Holding Company included in the consolidated Ind AS financial statements are:

Sl.No	Name	CIN	Holding company	Clause number of the CARO report which is qualified or is adverse
3(xxi) of the Order	Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited ("the Holding Company")	U72200KA2012PLC063060	Holding company	Clause (ii)(b), (ix)(f), (xvii)

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 22061207ASBXHY5591

S.R. Batliboi & Associates LLP
Bengaluru

Place of Signature: Bengaluru
Date: September 13, 2022

Annexure II to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company as of that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls with Reference to these consolidated Ind AS financial statements

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial

S.R. Batliboi & Associates LLP Bengaluru

statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to these consolidated Ind AS financial statements and such internal financial controls with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 22061207ASBXHY5591

Place of Signature: Bengaluru
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Consolidated Ind AS Balance Sheet as at March 31, 2022

(₹ in Million)

		Notes	March 31, 2022	March 31, 2021	April 01, 2020
I	**Assets**				
(1)	**Non-current assets**				
	(a) Property, plant and equipment	3	25.44	7.26	13.94
	(b) Goodwill on consolidation	4, 41	1,472.72	-	-
	(c) Other Intangible assets	4	620.85	245.22	254.37
	(d) Intangible assets under development	4	3.62	3.47	7.41
	(e) Right-of-use assets	33	35.84	21.81	131.54
	(f) Financial assets				
	(i) Other financial assets	5	156.03	88.75	76.63
	(g) Non-current tax assets (net)	6	72.73	41.19	136.46
	(h) Other non-current assets	10	6.00	4.77	22.28
			2,393.23	**412.47**	**642.63**
(2)	**Current assets**				
	(a) Financial assets				
	(i) Trade receivables	8	569.43	548.29	648.11
	(ii) Cash and cash equivalents	9	291.94	385.76	236.70
	(iii) Other financial assets	5	124.86	12.20	19.30
	(b) Other current assets	10	95.31	45.30	67.49
			1,081.54	**991.55**	**971.60**
	Total assets (1+2)		**3,474.77**	**1,404.02**	**1,614.23**
II	**Equity and liabilities**				
(1)	**Equity**				
	(a) Equity share capital	11	100.03	23.33	23.33
	(b) Other equity	12	1,061.39	102.73	(103.72)
	Total equity		**1,161.42**	**126.06**	**(80.39)**
(2)	**Non-current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	13	253.78	153.83	152.28
	(ii) Lease liabilities	33	12.41	0.56	85.82
	(iii) Other financial liabilities	16	-	-	242.41
	(b) Net employee defined benefit liabilities	14	32.80	22.54	19.62
	(c) Deferred tax liabilities (net)	7	101.22	-	-
			400.21	**176.93**	**500.13**
(3)	**Current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	13	535.63	45.61	93.36
	(ii) Lease liabilities	33	24.57	7.70	37.18
	(iii) Trade payables	19	663.95	330.59	482.98
	(iv) Other financial liabilities	16	268.31	334.57	140.44
	(b) Net employee defined benefit liabilities	14	7.68	12.22	16.81
	(c) Provisions	15	31.46	21.63	23.93
	(d) Other current liabilities	17	375.96	348.71	399.79
	(e) Liabilities for current tax (net)	18	5.58	-	-
			1,913.14	**1,101.03**	**1,194.49**
	Total liabilities (2+3)		**2,313.35**	**1,277.96**	**1,694.62**
	Total equity and liabilities (1+2+3)		**3,474.77**	**1,404.02**	**1,614.23**

Summary of significant accounting policies — 2.3

The accompanying notes are an integral part of the Consolidated Ind AS Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No. 061207
Place: Bengaluru, India
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Consolidated Ind AS Statement of Profit and Loss for the year ended March 31, 2022

(₹ in Million)

		Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
I	**Income**			
	Revenue from operations	20	2,230.69	1,709.11
	Other income	21	8.57	88.22
	Finance income	22	5.10	12.91
	Total income		**2,244.36**	**1,810.24**
II	**Expenses**			
	Cost of campaign services		393.76	315.57
	Professional and consultancy expenses		383.14	219.13
	Employee benefit expenses	23	1,476.71	913.40
	Depreciation and amortisation expenses	24	287.15	177.87
	Finance costs	25	87.17	22.35
	Other expenses	26	487.52	387.12
	Total expenses		**3,115.45**	**2,035.44**
III	**Loss before exceptional items and tax (I - II)**		**(871.09)**	**(225.20)**
IV	**Exceptional items (net)**	27	(160.07)	-
V	**Loss before tax (III + IV)**		**(1,031.16)**	**(225.20)**
VI	**Tax expenses**			
	(a) Current tax	28	5.78	3.10
	(b) Deferred tax (credit) / charge	28	(28.53)	-
	Total tax expenses		**(22.75)**	**3.10**
VII	**Loss for the year (V - VI)**		**(1,008.41)**	**(228.30)**
VIII	**Other comprehensive income**			
	Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods:			
	(i) Exchange differences on translation of foreign operations		(5.67)	50.89
	(ii) Income tax effect on above		-	-
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) Re-measurement (losses) / gains on defined benefit plan		(3.74)	0.56
	(ii) Income tax effect on above		-	-
	Total other comprehensive (loss) / income for the year(net of tax)		**(9.41)**	**51.45**
IX	**Total comprehensive (loss) / income for the year (net of tax) (VII + VIII)**		**(1,017.82)**	**(176.85)**
X	**Earnings per equity share (EPS)** (face value - ₹ 2 each)			
	Basic (₹)	29	(20.62)	(4.77)
	Diluted (₹)	29	(20.62)	(4.77)

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the Consolidated Ind AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No: 061207
Place: Bengaluru, India
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as Capillary Technologies India Private Limited)

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Consolidated Statement of Cash Flow for the year ended March 31, 2022

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from/ (used in) operating activities		
Loss before exceptional items and tax	**(871.09)**	**(225.20)**
Adjustments to reconcile (loss) / profit before tax to net cash flows		
Depreciation and amortisation expenses	287.15	177.87
Provision for doubtful trade receivables and advances (including bad debts written off)	12.50	0.23
Employee stock option expenses (refer note 32)	389.64	41.78
Advances / deposits written off	2.26	7.48
Intangible assets under development written off	-	2.29
Property, plant and equipment written off	0.74	-
Net gain on modification of lease contracts (refer note 33)	-	(8.43)
Provision / liabilities no longer required, written back	(6.97)	(19.47)
Net foreign exchange differences	(2.44)	(1.27)
Net gain on disposal of property, plant and equipment	-	(0.55)
Finance income	(5.10)	(12.91)
Finance costs	87.17	22.35
Operating (loss)/ profit before working capital changes	**(106.14)**	**(15.83)**
Working capital adjustments :		
Decrease / (increase) in trade receivables	94.42	118.65
(Increase) / decrease in non-current and current other financial and other assets	(148.72)	64.95
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities and provisions	263.57	(251.59)
Cash generated from / (used in) from operations	**103.13**	**(83.82)**
Direct taxes (paid) / refund	(31.54)	95.63
Net cash flow from operating activities (A)	**71.59**	**11.81**
B. Cash flow from/ (used in) investing activities		
Purchase of property, plant and equipment, intangible assets and intangible assets under development	(173.30)	(124.95)
Proceeds from sale of property, plant and equipment	-	1.03
Finance income received	4.51	4.27
Adjustment pursuant to acquisition of a subsidiary	(900.57)	-
Investment in bank deposits (margin money deposits)	(67.23)	(23.94)
Net cash used in investing activities (B)	**(1,136.59)**	**(143.59)**
C. Cash flow from/ (used in) financing activities		
Repayment of long-term borrowings	(114.57)	(16.37)
Proceeds from long-term borrowings	441.63	-
Payment of principal and interest portion of lease liabilities	(15.37)	(24.74)
Proceeds/ (repayment) from short-term borrowings (net)	244.82	(31.81)
Change in capital	(428.29)	365.24
Proceeds from issue of shares (including securities premium)	886.00	-
Finance costs paid	(51.96)	(11.61)
Net cash from financing activities (C)	**962.25**	**280.71**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(102.75)	148.93
Cash and cash equivalents at the beginning of the year	385.76	236.70
Effect of exchange differences on cash and cash equivalents held in foreign currency	8.93	0.13
Cash and cash equivalents at the end of the year	**291.94**	**385.76**
Components of cash and cash equivalents		
Balances with banks		
- On current accounts	291.93	385.76
Cheques in hand	0.01	-
Total cash and cash equivalents (refer note 9)	**291.94**	**385.76**
Non-cash investing activities		
Acquisition of right-of-use assets (refer note 33)	40.90	-

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S.R. Batliboi & Associates LLP
Bengaluru

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Consolidated Statement of Cash Flow for the year ended March 31, 2022

Explanatory notes to statements of cash flows

-Changes in liabilities arising from financing activities:-

(₹ in Million)

Particulars	Borrowings (refer note 13)	Lease liabilities (including current portion of lease liabilities) (refer note 33)
As at April 01, 2021	**199.44**	**8.26**
Cash flow changes		
Repayment of long-term borrowings	(114.57)	
Proceeds from long-term borrowings	441.63	
Payment of principal and interest portion of lease liabilities		(15.37)
Proceeds / (repayment) from short-term borrowings (net)	244.82	
Non-cash changes		
Additions (refer note 33)	-	40.90
Adjustment pursuant to acquisition of a subsidiary (refer note 41(b))	-	1.04
Accretion of interest on lease liabilities (refer note 33)	-	2.15
Interest on borrowings measured at amortised cost	6.16	-
Foreign exchange fluctuations	11.93	-
As at March 31, 2022	**789.41**	**36.98**
As at April 01, 2020	**245.64**	**123.00**
Cash flow changes		
Repayment of long-term borrowings	(16.37)	-
Payment of principal and interest portion of lease liabilities		(24.74)
Proceeds / (repayment) from short-term borrowings (net)	(31.81)	-
Non-cash changes		
Accretion of interest on lease liabilities (refer note 33)	-	4.12
Modification of lease liabilities (refer note 33)	-	(81.95)
Foreign exchange fluctuations	1.98	-
Adjusted with security deposits (refer note 33)	-	(12.17)
As at March 31, 2021	**199.44**	**8.26**

Summary of significant accounting policies 2.3

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Kamani
Partner
Membership No: 061207
Place: Bengaluru, India
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as Capillary Technologies India Private Limited)

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')
Corporate Identity Number :U72200KA2012PLC063060
Consolidated Ind AS Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital*

	Number (in Million)	(₹ in Million)
For the year ended March 31, 2022		
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 01, 2021	2.33	23.33
Issuance of share capital (refer notes 11(1),(2),(4),(5))	0.09	0.90
Conversion of CCPS (refer note 11(3))	0.02	0.17
Adjustment for sub-division of equity shares (refer note 11(6))	9.76	-
Issuance of bonus shares (refer note 11(7))	37.81	75.63
At March 31, 2022	50.01	100.03
For the year ended March 31, 2021		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At April 01, 2020	2.33	23.33
Issuance of share capital	-	-
At March 31, 2021	2.33	23.33

B. Other equity**

(₹ in Million)

Particulars	Attributable to the equity shareholders — Reserves and Surplus						Total other equity
	Retained earnings	Capital contribution from Ultimate Holding Company	Foreign currency translation difference account	Securities Premium	Share based payments reserve	Capital Reserve	
Balance as at April 01, 2021	(2,672.44)	721.96	50.89	949.72	-	1,052.60	102.73
Loss for the year	(1,008.41)	-	-	-	-	-	(1,008.41)
Other comprehensive (loss) income for the year (net of taxes)***	(3.74)	-	(5.67)	-	-	-	(9.41)
Total comprehensive income	(1,012.15)	-	(5.67)	-	-	-	(1,017.82)
Issuance of share capital (refer note 11)	-	-	-	753.25	-	-	753.25
Conversion of CCPS (refer note 11(3))	-	-	-	131.68	-	-	131.68
Issuance of fully paid bonus shares (refer note 11(7))	-	-	-	(75.63)	-	-	(75.63)
Employee stock option expenses (refer note 23 and 32)	-	121.71	-	-	259.17	-	380.88
Exceptional items (refer note 27 and 32)	-	160.07	-	-	-	-	160.07
Professional and consultancy expenses (refer note 32)	-	8.76	-	-	-	-	8.76
Stock options issued on behalf of the Group (refer note 41(b))	-	801.84	-	-	-	-	801.84
Changes in capital reserve pursuant to BLTA (refer note 41(a))	-	-	-	-	-	(199.89)	(199.89)
Changes in capital reserve pursuant to the Gift deeds (refer note 41(a))	-	-	-	-	-	15.52	15.52
Balance as at March 31, 2022	(3,684.59)	1,814.34	45.22	1,759.02	259.17	868.23	1,061.39
Balance as at April 01, 2020	(2,444.70)	680.18	-	949.72	-	711.08	(103.72)
Loss for the year	(228.30)	-	-	-	-	-	(228.30)
Other comprehensive income / (loss) for the year (net of taxes)***	0.56	-	50.89	-	-	-	51.45
Total comprehensive income	(227.74)	-	50.89	-	-	-	(176.85)
Employee stock option expenses (refer note 23 and 32)	-	38.53	-	-	-	-	38.53
Professional and consultancy expenses (refer note 32)	-	3.25	-	-	-	-	3.25
Changes in capital reserve pursuant to BLTA (refer note 41(a))	-	-	-	-	-	325.97	325.97
Changes in capital reserve pursuant to the Gift deeds (refer note 41(a))	-	-	-	-	-	15.55	15.55
Balance as at March 31, 2021	(2,672.44)	721.96	50.89	949.72	-	1,052.60	102.73

*Also refer note 11
**Also refer note 12
***As required under Ind AS Schedule III, the Group has recognised remeasurement gains /(losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the Consolidated Ind AS Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership No. 061207
Place: Bengaluru, India
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022

1. Corporate Information

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') ("the Company" or "the Parent Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at #36/5, 2nd Floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru – 560102.

Pursuant to the approval of the Members vide a special resolution dated October 14, 2021 and as per applicable provisions of the Act, the Board of Directors have approved conversion of the Company from a Private Limited Company to a Public Limited Company and consequently the name of the Company is changed to 'Capillary Technologies India Limited' by amending the Object Clause of Memorandum of Association and adopting the new Articles of Association of the Company. On November 23, 2021, the Company converted into a Public Limited Company.

The Company along with its subsidiaries (hereinafter collectively referred to as "the Group") are primarily engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. The Parent Company also provides technical, analytical and other support services to the group companies.

The Consolidated Ind AS Financial Statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on September 13, 2022.

2. Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its Consolidated Ind AS Financial Statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these Consolidated Ind AS Financial Statements, unless otherwise indicated.

2.1 Basis of preparation

The Consolidated Ind AS Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Consolidated Ind AS Financial Statements. These Consolidated Ind AS Financial Statements for the year ended March 31, 2022 are the first the Group has prepared in accordance with Ind AS.

The Consolidated Ind AS Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) which have been measured at fair value.

The Consolidated Ind AS Financial Statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The Consolidated Ind AS Financial Statements provide comparative information in respect of the previous period. In addition, the Group presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.2. Basis of Consolidation

The Consolidated Ind AS Financial Statements comprise the financial statements of the Group and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Ind AS Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Ind AS Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Ind AS Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Ind AS Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Ind AS Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

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2.3 Change in accounting policies and disclosures

Impact of implementation of new standards/amendments:

Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the Consolidated Ind AS Financial Statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e., definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the Consolidated Ind AS Financial Statements of the Group.

Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the Consolidated Ind AS Financial Statements of the Group.

Amendments to Ind AS 116: Covid-19-Related Rent Concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the Consolidated Ind AS Financial Statements of the Group.

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on

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the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the Group's Consolidated Ind AS Financial Statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments are applicable prospectively for annual periods beginning on or after 1 April 2020. The amendments to the definition of material did not have a significant impact on the Group's Consolidated Ind AS Financial Statements.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no significant impact on the Consolidated Ind AS Financial Statements of the Group as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after 1 April 2020. These amendments are not expected to have significant impact on the Consolidated Ind AS Financial Statements of the Group.

2.4 Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are not expected to have a material impact on the Group.

(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are not expected to have a material impact on the Group.

(iv) Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent,

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based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

These amendments are effective for annual reporting periods beginning on or after 1 April 2022 but do not apply to the Group as it was first time adopter in an earlier year.

(v) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are not expected to have a material impact on the Group.

2.5 Summary of significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- ► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- ► Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- ► Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- ► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- ► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

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Business combinations arising from transfers of interests in entities that are under the common control are accounted using pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Group recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current versus non-current classification

The Group presents assets and liabilities in the consolidated Ind AS balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

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The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

c. Fair value measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Ind AS Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

- ► Disclosures for valuation methods, significant estimates and assumptions
- ► Quantitative disclosures of fair value measurement hierarchy (refer note 37)
- ► Financial instruments (including those carried at amortised cost)

d. Revenue recognition

Revenue from operations is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The specific recognition criteria described below must be met before revenue is recognised:

Income from services

(i) Retainer services
The Group is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized over the period as and when services are rendered in accordance with the arrangement with the customers.

(ii) Campaign services
The Group provides SMS campaign services that are bundled together with the retainer services. The Group recognises revenue based on the usage of messaging services i.e., when the Group's services are used based on the specific terms of the contract with customers.

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(iii) Installation services
The Group provides a one-time installation services that are bundled together with the retainer services. The Group recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort and the transfer of service to the customer. The Group recognises revenue on the basis of the milestone achieved which correlates with hours expended relative to the total expected hours to complete the service.

Other income

(i) Export benefits
Export entitlements in the form of Service Exports from India (SEIS) is recognized in the Statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(ii) Interest Income
For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

(iii) Dividend Income
Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the dividend, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement below

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement below

Capitalised contract costs

The Group pays sales commission to its employees for each installation and retainer contract that they obtain. Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses. The maximum period over which the Group expects to derive benefit from contracts entered into with customers is 3 years. The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is over year or less.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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e. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Group's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Consolidated Ind AS Financial Statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

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

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

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

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

f. Property, plant and equipment

As at the date of transition to Ind AS i.e. April 01, 2020, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2020 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 01, 2020.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Sl. No.	Block	Useful lives estimated by the management (in years)
1	Office Equipment	5
2	Computers	3
3	Furniture and fixtures	10

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

g. Intangible assets

As at the date of transition to Ind AS i.e. April 01, 2020, the Group has elected to continue with the carrying value of all of its intangible assets as at March 31, 2020 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets as on April 01, 2020.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

Intellectual property rights

Intellectual property rights acquired on the acquisition of a subsidiary are measured initially on the basis of fair valuation determined in the Purchase Price Allocation as per the independent valuer. Following initial recognition, these intangibles are carried at the initial recognition value less accumulated amortisation and accumulated impairment losses, if any.

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Patents

Patents and licenses are measured on initial recognition at professional charges incurred on registration of such patents in connection with the Group customer servicing methodology and if the registration of the patent is under progress, the same is recognised as Intangible assets under development.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

Software product development are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the cost can be measured reliably. The costs which can be capitalised including the cost of employees and overhead costs that are directly attributable to preparing the asset for its intended use.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Sl. No.	Block	Useful lives estimated by the management (in years)
1	Computer software	5
2	Intellectual property rights	2 to 6
3	Patents	1 to 3

Research and development costs

Research costs are expensed as incurred. Development expenditures incurred on an individual project are recognised as an intangible asset when the business of the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit from the related project. Amortisation expense is recognised in the consolidated Ind AS statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

i. Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies stated under 'Impairment of non-financial assets'.

Lease liabilities

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

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

Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

j. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE and intangible assets determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Group suitably adjusted for risks specified to the estimated cash flows of the asset.

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Group operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated Ind AS statement of profit and loss

k. Provisions and contingent liabilities

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

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

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Ind AS Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

In respect of financial guarantees provided by the Group to third parties, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 34 for further disclosure.

l. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused

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entitlement that has accumulated at the reporting date. The Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the consolidated Ind AS balance sheet if the Group does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

The Group presents the leave as a current liability in the consolidated Ind AS balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

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

Past service costs are recognised in profit or loss on the earlier of:
a) The date of the plan amendment or curtailment, and
b) The date that the Parent Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated Ind AS statement of profit and loss:
a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b) Net interest expense or income.

m. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated Ind AS statement of profit and loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed under Revenue recognition policy.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

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(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Group recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated Ind AS statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

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An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated Ind AS statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated Ind AS statement of profit and loss.

Off-setting of financial instruments

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

n. Segment reporting

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of Consolidated Ind AS Financial Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

CODM evaluates the performance of the Group based on the single operative segment as cloud based intelligent customer engagement software solutions to retail chain operators. Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

o. Cash and cash equivalents

Cash and cash equivalent in the consolidated Ind AS balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

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

p. Share-based payments

Certain employees of the Group are entitled to share-based payments, whereby employees render services as consideration for equity instruments of the holding Group (equity-settled transactions).

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

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense

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recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated Ind AS statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Group or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

q. Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for conversion right. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

r. Foreign currencies

The Group's Consolidated Ind AS Financial Statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Ind AS Financial Statements when the foreign operation is a

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subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated Ind AS statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

s. Corporate social responsibility ('CSR') expenditure

The Group charges its CSR expenditure during the year to the consolidated Ind AS statement of profit and loss.

t. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

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3 Property, plant and equipment

(₹ in Million)

Particulars	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	Total
Gross Block (At cost / deemed cost)					
At April 01, 2020	**8.72**	**1.81**	**0.88**	**2.53**	**13.94**
Additions	3.28	0.07	0.15	-	3.50
Disposals / discard	(0.81)	(1.18)	-	(1.24)	(3.23)
Exchange differences - translation adjustments	0.16	0.01	0.20	(0.02)	0.35
At March 31, 2021	**11.35**	**0.71**	**1.23**	**1.27**	**14.56**
Additions	26.12	0.20	-	-	26.32
Adjustment pursuant to acquisition of a subsidiary (refer note 41(b))	4.56	-	-	0.10	4.66
Disposals / discard	(0.65)	(0.37)	(0.11)	(0.60)	(1.73)
Exchange differences - translation adjustments	0.51	(0.01)	0.02	0.08	0.60
At March 31, 2022	**41.89**	**0.53**	**1.14**	**0.85**	**44.41**
Accumulated depreciation					
At April 01, 2020	-	-	-	-	-
Charge for the year	6.22	1.51	1.20	1.09	10.02
Disposals / discard	(0.81)	(1.18)	-	(0.76)	(2.75)
Exchange differences - translation adjustments	0.06	-	(0.02)	(0.01)	0.03
At March 31, 2021	**5.47**	**0.33**	**1.18**	**0.32**	**7.30**
Charge for the year	11.76	0.20	-	0.27	12.23
Disposals / discard	(0.44)	(0.17)	(0.07)	(0.27)	(0.95)
Exchange differences - translation adjustments	0.30	-	0.03	0.06	0.39
At March 31, 2022	**17.09**	**0.36**	**1.14**	**0.38**	**18.97**
Net book value					
At April 01, 2020	**8.72**	**1.81**	**0.88**	**2.53**	**13.94**
At March 31, 2021	**5.88**	**0.38**	**0.05**	**0.95**	**7.26**
At March 31, 2022	**24.80**	**0.17**	-	**0.47**	**25.44**

(1) Ind AS 101 exemption: The Group has availed the exemption available under Ind AS 101, whereas the carrying value of Property, plant and equipment and Intangible assets under the previous GAAP has been carried forward as the costs under Ind AS. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Group separately as follows:

(₹ in Million)

Particulars	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	Total
At April 01, 2020					
Gross Block	53.08	7.96	5.38	7.92	74.34
Less: Accumulated depreciation	(44.36)	(6.15)	(4.50)	(5.39)	(60.40)
Net book value as per previous GAAP	**8.72**	**1.81**	**0.88**	**2.53**	**13.94**
Deemed cost as at April 01, 2020	8.72	**1.81**	**0.88**	**2.53**	**13.94**

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4 Intangible assets

(₹ in Million)

Particulars	Computer software	Internally generated assets	Intellectual property rights	Patents	Customer relationships	Total	Goodwill (refer note 41(b))	Intangible asset under development
Gross Block (At cost / deemed cost)								
At April 01, 2020	4.29	249.46	0.62	-	-	254.37	-	7.41
Additions	1.80	114.50	-	6.09	-	122.39	-	120.53
Disposals / discard	(0.18)	-	-	-	-	(0.18)	-	(122.39)
Written off	-	-	-	-	-	-	-	(2.29)
Exchange differences - translation adjustment	-	8.38	0.02	-	-	8.40	-	0.21
At March 31, 2021	5.91	372.34	0.64	6.09	-	384.98	-	3.47
Additions	-	143.99	-	3.66	-	147.65	-	147.76
Disposals / discard	(0.01)	-	-	-	-	(0.01)	-	(147.65)
Adjustment pursuant to acquisition of a subsidiary (refer note 41(b))	-	-	74.00	-	397.00	471.00	1,472.72	-
Written off	-	-	-	-	-	-	-	-
Exchange differences - translation adjustment	-	8.32	0.01	0.13	-	8.46	-	0.04
At March 31, 2022	5.90	524.64	74.65	9.88	397.00	1,012.08	1,472.72	3.62
Accumulated amortisation								
At April 01, 2020	-	-	-	-	-	-	-	-
Charge for the year	2.60	130.66	0.64	6.09	-	139.99	-	-
Disposals / discard	(0.18)	-	-	-	-	(0.18)	-	-
Exchange differences - translation adjustment	-	(0.05)	-	-	-	(0.05)	-	-
At March 31, 2021	2.42	130.61	0.64	6.09	-	139.76	-	-
Charge for the year	1.57	150.01	14.39	3.65	77.19	246.81	-	-
Disposals / discard	(0.01)	-	-	-	-	(0.01)	-	-
Exchange differences - translation adjustment	-	4.52	0.01	0.14	-	4.67	-	-
At March 31, 2022	3.98	285.14	15.04	9.88	77.19	391.23	-	-
Net book value								
At April 01, 2020	4.29	249.46	0.62	-	-	254.37	-	7.41
At March 31, 2021	3.49	241.73	-	-	-	245.22	-	3.47
At March 31, 2022	1.92	239.50	59.61	-	319.81	620.85	1,472.72	3.62

(1) Ind AS 101 exemption: The Group has availed the exemption available under Ind AS 101, whereas the carrying value of Property, plant and equipment and Intangible assets under the previous GAAP has been carried forward as the costs under Ind AS. Information regarding gross block of assets, accumulated amortisation has been disclosed by the Group separately as follows:

(₹ in Million)

Particulars	Computer software	Internally Generated Assets	Intellectual property rights	Patents	Customer relationships	Total
At April 01, 2020						
Gross Block	9.84	336.39	1.86	2.38	-	350.47
Less: Accumulated amortisation	(5.55)	(86.93)	(1.24)	(2.38)	-	(96.10)
Net book value as per previous GAAP	4.29	249.46	0.62	-	-	254.37
Deemed cost as at April 01, 2020	4.29	249.46	0.62	-	-	254.37

Intangible Asset under Development (IAUD) Ageing Schedule

As at March 31, 2022

(₹ in Million)

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.61	0.79	0.30	0.92	3.62
Projects temporarily suspended	-	-	-	-	-
	1.61	0.79	0.30	0.92	3.62

As at March 31, 2021

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.88	1.69	0.36	0.54	3.47
Projects temporarily suspended	-	-	-	-	-
	0.88	1.69	0.36	0.54	3.47

As at April 01, 2020

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3.07	3.23	0.64	0.47	7.41
Projects temporarily suspended	-	-	-	-	-
	3.07	3.23	0.64	0.47	7.41

5 **Financial Assets**

(₹ in Million)

		March 31, 2022	March 31, 2021	April 01, 2020
Unsecured considered good unless otherwise stated				
Non-current				
Financial instruments at amortised cost				
Security deposits		-	-	11.78
Non-current bank balances (refer note 9)		156.03	88.75	64.85
Total other non-current financial assets		**156.03**	**88.75**	**76.63**
Current				
Financial instruments at amortised cost				
Security deposits				
Security deposits - others		7.76	9.56	17.35
Security deposits - credit impaired		0.63	0.63	-
		8.39	**10.19**	**17.35**
Less: impairment allowance for security deposits		(0.63)	(0.63)	-
	(A)	**7.76**	**9.56**	**17.35**
Other receivables from related parties (refer note 35)[1]		116.16	-	-
Advances to employees		0.20	2.26	1.61
Interest accrued on fixed deposits		0.74	0.38	0.34
	(B)	**117.10**	**2.64**	**1.95**
Total other current financial assets	(A+B)	**124.86**	**12.20**	**19.30**

1. Other receivables from related parties are non-interest bearing and are generally on terms of upto 90 days. Other receivables from related parties includes ₹ 116.16 Million due from the Ultimate Holding Company which are secured against the External Commercial Borrowings of ₹ 153.67 Million payable to the Ultimate Holding Company.

6 **Non-current tax assets (net)**

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Advance income-tax (net of provision for current taxation)	72.73	41.19	136.46
Total	**72.73**	**41.19**	**136.46**

7 **Deferred tax liability**

Deferred tax related to the following:

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
Deferred tax liability on intangibles on account of acquisition of a subsidiary (refer note 41(b))	93.78	-	-
Deferred tax liability on present value adjustment on purchase consideration on account of acquisition of a subsidiary	7.44	-	-
Deferred tax liability (net)	**101.22**	-	-

(₹ in Million)

	Consolidated Ind AS Statement of Profit and Loss	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax liability on present value adjustment on purchase consideration on account of acquisition of a subsidiary	(5.48)	-
Deferred tax liability on intangibles on account of acquisition of a subsidiary (refer note 41(b))	(23.05)	-
Deferred tax (credit) / charge	**(28.53)**	-

(₹ in Million)

Reconciliation of deferred tax liabilities (net):	As at March 31, 2022	As at March 31, 2021
Opening balance	-	-
Deferred tax liability on intangibles on account of acquisition of a subsidiary (refer note 41(b))	116.83	-
Deferred tax liability on present value adjustment on purchase consideration on account of acquisition of a subsidiary	12.92	-
Deferred tax (credit) / charge during the year recognised in profit or loss	(28.53)	-
Closing balance	**101.22**	-

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8 **Trade receivables**

(₹ in Million)

		March 31, 2022	March 31, 2021	April 01, 2020
Trade receivables - Others[2]		569.43	401.28	497.34
Trade receivable - Related parties[1, 2]		-	147.01	150.77
Total trade receivables		**569.43**	**548.29**	**648.11**
Break-up for security details:				
Trade receivables - Unsecured, considered good		569.43	548.29	648.11
Trade receivables - Unsecured, credit impaired[3]		30.43	36.04	111.63
	(A)	**599.86**	**584.33**	**759.74**
Impairment allowance (allowance for bad and doubtful debts)				
Trade receivables - Unsecured, credit impaired[3]		(30.43)	(36.04)	(111.63)
	(B)	**(30.43)**	**(36.04)**	**(111.63)**
Total	(A + B)	**569.43**	**548.29**	**648.11**

1. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 35.

2. Trade receivables are non-interest bearing and are generally on terms of upto 90 days.

3. Movement in expected credit loss allowance under simplified approach are provided in the table below:

(₹ in Million)

	March 31, 2022	March 31, 2021
Expected credit loss allowance		
At the beginning of the year	36.04	111.63
Provision made during the year	12.50	0.23
(Utilised) / (reversed) during the year	(18.18)	(76.00)
Exchange differences - translation adjustment	0.07	0.18
At the end of the year	**30.43**	**36.04**

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8.1 Trade receivables ageing schedule

As at March 31, 2022 (₹ in Million)

Particulars	Unbilled *	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	114.07	282.71	155.82	16.65	0.18	-	-	569.43
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	7.32	10.30	4.81	-	6.30	28.73
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	1.70	-	-	1.70
Total	**114.07**	**282.71**	**163.14**	**26.95**	**6.69**	**-**	**6.30**	**599.86**

As at March 31, 2021 (₹ in Million)

Particulars	Unbilled *	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	69.81	185.05	262.66	14.78	15.99	-	-	548.29
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	18.51	7.62	1.54	0.44	6.30	34.41
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	1.38	0.25	-	-	-	1.63
Total	**69.81**	**185.05**	**282.55**	**22.65**	**17.53**	**0.44**	**6.30**	**584.33**

As at April 01, 2020 (₹ in Million)

Particulars	Unbilled *	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	42.81	242.28	330.74	27.99	3.71	0.13	0.45	648.11
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	70.11	26.00	7.96	0.78	6.78	111.63
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**42.81**	**242.28**	**400.85**	**53.99**	**11.67**	**0.91**	**7.23**	**759.74**

* Unbilled revenue consists of contract assets, that primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional and is current but not due

9 Cash and cash equivalents

(₹ in Million)

		March 31, 2022	March 31, 2021	April 01, 2020
Balances with banks				
On current accounts		291.93	385.76	236.70
Cheques in hand		0.01	-	-
	(A)	**291.94**	**385.76**	**236.70**
Other bank balances				
Margin money deposits*		156.03	88.75	64.85
	(B)	**156.03**	**88.75**	**64.85**
Amount disclosed under other non-current financial assets (refer note 5)	(C)	(156.03)	(88.75)	(64.85)
	(A+B+C)	**291.94**	**385.76**	**236.70**

*These are lien against short-term borrowings from a bank (refer note 13)

10 Other assets

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
Others (Unsecured, considered good)			
Deferred contract costs*	2.53	4.77	22.28
Prepaid expenses	3.47	-	-
	6.00	**4.77**	**22.28**
Current			
Advances other than capital advances			
Unsecured, considered good	2.52	2.25	5.17
Others (Unsecured, considered good)			
Deferred contract costs*	11.56	11.46	32.64
Deferred expenses**	25.04	-	-
Prepaid expenses	34.53	28.94	27.77
Balance with statutory government authorities	21.66	2.65	1.91
	95.31	**45.30**	**67.49**

*Deferred contract costs represent commission costs paid to sales team and set out below is the movement in the capitalised contract costs.
** The Group has incurred an expenditure of ₹ 169.62 Million as at March 31, 2022 towards the proposed Initial Public Offer (IPO) of which ₹ 116.16 Million being recoverable from the selling shareholder has been recorded under 'Other Financial Assets'. Expenses to the extent of ₹ 25.04 Million is deferred until IPO and the balance ₹ 14.32 Million has been charged off to the statement of profit and loss. The Group has recovered expenditure of ₹ 14.10 Million from the Ultimate Holding Company during the year ended March 31, 2022.

(₹ in Million)

	March 31, 2022	March 31, 2021
Deferred contract costs		
At the beginning of the year	16.23	54.92
Additions during the year	23.53	15.47
Amortised during the year	(24.58)	(28.92)
Other adjustments	(1.17)	(25.83)
Exchange differences - translation adjustment	0.08	0.59
At the end of the year	**14.09**	**16.23**

(₹ in Million)

The same is shown under:	March 31, 2022	March 31, 2021	April 01, 2020
Current	11.56	11.46	32.64
Non-current	2.53	4.77	22.28
Total	**14.09**	**16.23**	**54.92**

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11 Equity share capital

	Equity Shares		Preference Shares	
	Number (in Million)	₹ in Million	Number (in Million)	₹ in Million
Equity shares of ₹ 2 each (March 31, 2021 and April 01, 2020 : ₹ 10 each)				
Preference shares of ₹ 10 each				
Authorised share capital				
As at April 01, 2020	2.50	25.00	-	-
Increase/ (decrease) during the year	-	-	-	-
As at March 31, 2021	**2.50**	**25.00**	-	-
Increase/ (decrease) during the year[1,3]	28.50	125.00	**0.10**	**1.00**
Adjustment for sub-division of equity shares[2]	44.00	-	-	-
As at March 31, 2022	**75.00**	**150.00**	**0.10**	**1.00**

1. The authorized share capital of the Parent Company was increased from ₹ 25 Million i.e 2.50 Million equity shares of ₹ 10 each to ₹ 110 Million i.e. 11 Million equity shares of ₹ 10 each, each ranking pari passu in all respect with the existing equity shares of the Company during the year ended March 31, 2022.

2. Pursuant to the approval of the Board of Directors, the Parent Company has split each equity share of the Parent Company having a face value of ₹ 10 each into 5 equity shares having a face value of ₹ 2 each and accordingly the number of shares increased from 11 Million to 55 Million.

3. Pursuant to the approval of the Board of Directors and as per the applicable provisions of the Act , the authorized share capital of the Parent Company was increased from ₹ 110 Million i.e. 55 Million equity shares of ₹ 2 each to ₹ 150.00 Million i.e. 75 Million equity shares of ₹ 2 each and 0.10 Million preference shares of ₹ 10 each.

(a) Issued share capital

	Equity Shares		Equity component of Compulsorily convertible preference shares ('CCPS')	
	Number (in Million)	₹ in Million	Number (in Million)	₹ in Million
Equity shares of ₹ 2 each (March 31, 2021 and April 01, 2020 : ₹ 10 each) issued, subscribed and fully paid up				
Preference shares of ₹ 10 each issued, subscribed and fully paid up				
As at April 01, 2020	2.33	23.33	-	-
Changes during the year	-	-	-	-
As at March 31, 2021	**2.33**	**23.33**	-	-
Issuance of share capital[1,2,4,5]	0.09	0.90	0.01	0.10
Conversion of CCPS[3]	0.02	0.17	(0.01)	(0.10)
Adjustment for sub-division of equity shares[6]	9.76	-	-	-
Issuance of bonus shares[7]	37.81	75.63	-	-
As at March 31, 2022	**50.01**	**100.03**	-	-

1. Pursuant to the approval of the Board of Directors, the Parent Company approved the allotment of 58,836 equity shares of face value of ₹ 10 each at a price of ₹ 8,840 per equity share (including securities premium of ₹ 8,830 per equity share) for an amount aggregating to ₹ 520.11 Million to the existing equity share holders of the Parent Company on rights issue basis under the provisions of Companies Act' 2013 and all other applicable laws and regulations.

2. Pursuant to the approval of the Board of Directors, the Parent Company approved the allotment of 5 equity shares of face value of ₹ 10 each at a price of ₹ 8,840 per equity share (including securities premium of ₹ 8,830 per equity share) for an amount aggregating to ₹ 0.04 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

3. Pursuant to the approval of Board of Directors, the Parent Company approved the allotment of 14,915 0.01% Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹ 10 each at a price of ₹ 8,840 per CCPS (including securities premium of ₹ 8,830 per CCPS) for an amount aggregating to ₹ 131.87 Million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations. Further, the aforesaid 14,915 CCPS were converted into 17,908 equity shares of face value of ₹ 10 each at a price of ₹ 7,712 per share (including securities premium of 7,702 per share) at the ratio of 1.14626 equity shares for every 1 CCPS held.

4. Pursuant to the approval of Board of Directors, the Parent Company approved the allotment of 24,419 equity shares of face value of ₹ 10 each at a price of ₹ 7,712 per equity share (including securities premium of ₹ 7,702 per equity share) for an amount aggregating to ₹ 188.32 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

5. Pursuant to the approval of Board of Directors, the Parent Company approved the allotment of 5,920 equity shares of face value of ₹ 10 each at a price of ₹ 7,712 per equity share (including securities premium of ₹ 7,702 per equity share) for an amount aggregating to ₹ 45.66 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

6. Pursuant to the approval of the Board of Directors, the Parent Company approved the sub-division of each equity share of the Parent Company having a face value of ₹ 10 each into 5 equity shares having a face value of ₹ 2 each.

7. Pursuant to the approval of Board of Directors, the Parent Company approved the bonus issue of 37.81 million equity shares of face value of ₹ 2 each for an amount aggregating to ₹ 75.63 million (fully paid-up by way of capitalisation of ₹ 75.63 Million out of the Parent Company's securities premium account) to the existing equity shareholders of the Parent Company under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

(b) Terms / rights attached to equity shares
The Parent Company has got converted into a Public Limited Company after getting approvals from Registrar of Companies during the year ended March 31, 2022.

The Parent Company has only one class of equity shares having par value of ₹ 2 per share (March 31, 2021: ₹ 10 per share). Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms / rights attached to preference shares
The Parent Company had only one class of Preference Shares having par value of ₹ 10 per share.

Each CCPS had a par value of ₹ 10 and is convertible at the option of the Parent Company into equity shares of the Parent Company prior to the expiry of 20 years from the date of such issuance.

CCPS has been converted into equity shares by factoring the post money fair value of the Parent Company at the time of issuance of CCPS. The number of equity shares issued on conversion of the CCPS was calculated on a fully diluted basis after considering the ESOPs granted in a period of 2 months from the date of issuance of CCPS.

The preference shares carried a dividend of 0.01% per annum. Dividend was to be paid as and when it is paid and declared on the equity shares. The dividend rights are non-cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

Also refer note 11(a)(3).

(d) Shares held by the Holding Company/ Ultimate Holding Company and / or their subsidiaries / associates
Out of the equity shares issued by the Parent Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries / associates are as below.

<u>Name of the shareholder</u>

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company[1,2]			
49.04 million equity shares of ₹ 2 each fully paid. (March 31, 2021: 2.33 Million and April 01, 2020: 2.33 Million equity shares of ₹ 10 each fully paid)	98.08	23.33	23.33

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(e) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2022		March 31, 2021		April 01, 2020	
	No. of shares held (in Million)	% holding in the class	No. of shares held (in Million)	% holding in the class	No. of shares held (in Million)	% holding in the class
Equity shares of ₹ 2 each (March 31, 2021 and April 01, 2020: ₹ 10 each), fully paid						
Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company[1]	49.04	98.06%	2.33	100.00%	2.33	100.00%

As per the records of the Parent Company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

1. Includes 20 shares held by Mr. Sridhar Bollam (as a nominee)*
* Pursuant to the Circular Resolution dated August 20, 2021, the Parent Company approved the transfer of 1 share held by Mr. Abhijeet Vijayvergiya to Mr. Sridhar Bollam and creation of beneficial interest under Section 89 of the Companies Act, 2013 in favour of the Parent Company.

(f) Details of shares held by promoters

As at March 31, 2022

	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each	Capillary Technologies International Pte Ltd, Singapore	2.33	46.71	49.04	98.06%	(1.94%)
Total		**2.33**	**46.71**	**49.04**	**98.06%**	**(1.94%)**

As at March 31, 2021

	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 10 each	Capillary Technologies International Pte Ltd, Singapore	2.33	-	2.33	100.00%	-
Total		**2.33**	-	**2.33**	**100.00%**	-

(g) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	March 31, 2022	March 31, 2021	April 01, 2020
	No. of shares (in Million)	No. of shares (in Million)	No. of shares (in Million)
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	37.81	-	-

(h) Shares reserved for issue under options
For details of shares reserved for issue under the Share based payment plan of the Parent Company, please refer note 32.

12 Other Equity

		₹ in Million
Securities premium		
At April 01, 2020		949.72
At March 31, 2021		**949.72**
Add: Issuance of share capital (refer note 11(1),(2),(4),(5))		753.25
Add: Conversion of CCPS (refer note 11(3))		131.68
Less: Issuance of fully paid bonus shares (refer note 11(7))		(75.63)
At March 31, 2022	(A)	**1,759.02**
Capital Reserve		
At April 01, 2020		711.08
Changes pursuant to BLTA (refer note 41(a))		325.97
Changes pursuant to the gift deeds (refer note 41(a))		15.55
At March 31, 2021		**1,052.60**
Changes pursuant to BLTA (refer note 41(a))		(199.89)
Changes pursuant to the gift deeds (refer note 41(a))		15.52
At March 31, 2022	(B)	**868.23**
Foreign currency translation difference account (FCTR)		
At April 01, 2020		-
Movement during the year		50.89
At March 31, 2021		**50.89**
Movement during the year		(5.67)
At March 31, 2022	(C)	**45.22**
Capital contribution from Ultimate Holding Company		
At April 01, 2020		680.18
Employee stock option expenses (refer note 23 and 32)		38.53
Professional and consultancy expenses (refer note 32)		3.25
At March 31, 2021		**721.96**
Employee stock option expenses (refer note 23 and 32)		121.71
Exceptional items (refer note 27 and 32)		160.07
Professional and consultancy expenses (refer note 32)		8.76
Stock options issued on behalf of the Group (refer note 41(b))		801.84
At March 31, 2022	(D)	**1,814.34**
Retained earnings[1]		
At April 01, 2020		(2,444.70)
(Loss) / Profit for the year		(228.30)
Add: Re-measurement gains / (losses) on defined benefit plans		0.56
At March 31, 2021		**(2,672.44)**
(Loss) / Profit for the year		(1,008.41)
Add: Re-measurement (losses) / gains on defined benefit plans		(3.74)
At March 31, 2022	(E)	**(3,684.59)**
Share based payments reserve		
At April 01, 2020		-
Employee stock option expenses (refer note 23 and 32)		-
At March 31, 2021		-
Employee stock option expenses (refer note 23 and 32)		259.17
At March 31, 2022	(F)	**259.17**
Total other equity	(A+B+C+D+E+F)	
At April 01, 2020		(103.72)
At March 31, 2021		102.73
At March 31, 2022		1,061.39

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12 Other Equity (contd.)

1. The Group has incurred cash losses during the year and in the earlier years which has resulted in substantial erosion of networth of the Group. Though the networth of the Group was substantially eroded, the management of the group basis its business plan as approved by the Board of Directors expects that there will be a significant increase in the operations of the Group that will lead to improved cash flows and long-term sustainability and the Group will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. In the meantime, the Ultimate Holding Company and one of the investors of the Ultimate Holding Company has committed to provide financial and operational support to the Group for its continued operations in the foreseeable future. Subsequent to the Balance Sheet date, the Parent Company has also entered into an arrangement with a third party for financial assistance of ₹ 250 Million. Accordingly, the Consolidated Ind AS Financial Statements of the Group have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

Nature and purpose of reserves

11.1 Securities Premium
Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with provisions of Section 63 the Companies Act, 2013.

11.2 Capital Reserve
Capital reserve is on account of common control transaction as per Appendix C of Ind AS 103, as detailed in note 41

11.3 Foreign currency translation difference account
The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the Parent Company's overseas subsidiaries from their respective functional currency to the presentation currency of the Company.

11.4 Capital contribution from Ultimate Holding Company
The Ultimate Holding Company had a share option scheme under which it granted employee stock options to certain employees of the Group without any cross charge. Capital contribution from Ultimate Holding Company is used to recognise the value of equity-settled share-based payments provided to employees of the Group, including key management personnel, as part of their remuneration by the Ultimate Holding Company. Refer note 32 for further details.

11.5 Retained earnings
Retained Earnings represents the profits earned till date, less any transfer to General reserve, dividends or other distributions paid to the shareholders.

11.6 Share based payments reserve
The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees of the Group under Employee stock option plan.

13 Borrowings

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
Loans from related parties:			
External Commercial Borrowing ('ECB') from Ultimate Holding Company (unsecured)[2] (refer note 35)	153.67	153.83	152.28
Term loans from Body Corporate:			
Indian rupee term loans from Body Corporate - NBFC (secured)[1,12]	43.50	-	-
US Dollar term loans from Body Corporate (secured)[3]	45.77	-	-
US Dollar term loans from Body Corporate - SBA (secured)[4]	10.84	-	-
Total	**253.78**	**153.83**	**152.28**
Current			
Current maturities of long-term borrowings:			
Term loans from Body Corporate:			
Indian rupee term loans from Body Corporate - NBFC (secured)[1,12]	112.62	-	16.55
US Dollar term loans from Body Corporate (secured)[3]	129.27	-	-
US Dollar term loans from Body Corporate - SBA (secured)[4]	1.30	-	-
Short-term borrowings:			
Bank overdraft (secured)[7]	96.75	45.61	-
Loan from a Body Corporate (unsecured)[8]	1.74	-	-
Working Capital loans from a bank (secured)[5,6]	193.95	-	76.81
Total	**535.63**	**45.61**	**93.36**
The above amount includes			
Secured borrowings	634.00	45.61	93.36
Unsecured borrowings	155.41	153.83	152.28

1. Indian rupee term loans from Body Corporate - NBFC carries interest of 14.35% per annum and is payable on a monthly basis in 21 equal instalments. The loan is secured by hypothecation of existing, future, fixed, current and non-current assets, including any and all intellectual property and the intellectual property rights with respect to these movables present and future, accounts, cash flows, receivables, book debts, revenues, equipment, inventory, contract rights or rights to payments of money, leases, license agreements, franchise agreements, goodwill, uncalled capital, general intangibles, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or to be stored in or about the Parent Company's factories, premises and godowns held by any party to the order or disposition of the Parent Company, including in the course of transits, whether in ship or land, and all Company's books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing and is guaranteed by way of a letter of guarantee from Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company.

2. During the year ended March 31, 2019, the Parent Company had entered into an External Commercial Borrowing ('ECB') arrangement with Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company. During the year ended March 31, 2020, the Parent Company had taken loans, out of the said arrangement from the Ultimate Holding Company amounting to USD 2 million carrying interest at the rate of 6 months LIBOR rate plus 300 basis points per annum payable on an annual basis at the end of each financial year. The aforesaid loan is repayable in two equal instalments on March 31, 2024 and September 30, 2024 respectively.

3. US Dollar term loan from a Body Corporate in relation to a subsidiary of ₹ 175.04 million is outstanding as at March 31, 2022 which carries interest of 9.50% per annum and is payable on a monthly basis starting from interest-only period - August 12, 2021 to October 31, 2021 and instalment period November 01, 2021 to July 01, 2023. The loan is secured by a debenture deed dated August 12, 2021, incorporating a first and exclusive fixed and floating charge over all of subsidiary's present and future assets including bank accounts, book debts, investments and dividends, licences, intellectual property, uncalled capital, goodwill, corporate guarantee given by certain subsidairies of the Group and pledge of shares of Capillary Technologies LLC (formerly known as Persuade Loyalty LLC) to the lender.

4. US Dollar term loan from Body Corporate -SBA in relation to a subsidiary of ₹ 12.14 million is outstanding as at March 31, 2022 which carries interest of 3.75% per annum and is payable on a monthly basis, beginning 12 months from the date of promisory note. Further, the start of repayment of loan has been deferred to Dec 01, 2022 vide Small bank Administration (SBA) release number: 22-19 | March 15, 2022. These loans are secured by hypothecation of property that the Subsidiary now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest Subsidiary grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

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13 Borrowings (contd.)

5 Working capital loan from a bank on sales invoice discounting carries interest @ 3 months MCLR plus spread of 0.65% per annum (March 31, 2021: 3 months MCLR plus spread of 1.05% per annum and April 01, 2020: MCLR plus spread of 1.05% per annum) and is payable in 3 months (March 31, 2021 and April 01, 2020 : 90 Days) from the date of disbursement of loan. These loans are secured by way of exclusive charge on the entire receivables of the Parent Company discounted by the bank, first pari-pasu charge on current assets and movable fixed assets (present and future) of the Parent Company excluding the receivables discounted by the bank. This loan is also secured by way of corporate guarantee given from Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company to the extent of ₹ 255 Million. (March 31, 2021 : ₹ 120 Million and April 01, 2020: ₹ 150 Million)

6 Working capital loan from a bank for post shipment credit facility carries interest @ 3 months MCLR plus spread of 0.65% per annum (March 31, 2021 and April 01, 2020: Nil) and is payable in 3 months from the date of disbursement of loan. This loan is secured by way of exclusive charge on the entire receivables of the Parent Company discounted by the bank. This loan is also secured by way of corporate guarantee given from Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company to the extent of ₹ 255 Million.

7. Bank overdraft facility from a bank carries interest @ 3 months Marginal Cost Lending Rate ('MCLR') plus spread of 0.50% (March 31, 2021 - 3 months Marginal Cost Lending Rate ('MCLR') plus spread of 0.60%) per annum and is payable on demand. This loan is secured by 100% cash margin by way of fixed deposits placed under lien in favour of the bank.

8. US Dollar commercial premium finance agreement from Body Corporate of ₹ 1.74 million is outstanding as at March 31, 2022 which carries interest of 6.24% per annum and is payable on a monthly basis.

9. The Parent Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Parent Company. The Parent Company does not have a process of preparing the financial statements on a quarterly basis. Accordingly, the quarterly statements filed by the Parent Company with such banks cannot be reconciled with the audited/ reviewed books of accounts of the Parent Company.

10. The Parent Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

11. The Parent Company has taken funds from the following entities on account of or to meet the obligations of its subsidiaries, associates or joint ventures as per details below

(₹ in Million)

Nature of fund taken	Name of lender	Amount involved	Name of the subsidiary, joint venture, associate	Relation	Nature of transaction for which funds utilized
Term Loan	Innoven Capital India Private Limited	215.00	Capillary Pte Ltd, Singapore	Wholly Owned Subsidiary	Investment in equity shares

12. The Parent Company has raised loans during the year committing to pledge the securities held in its subsidiaries to the Lenders as per the terms and conditions of the borrowing arrangement as detailed below. However, the pledge has not been created by the Parent Company as on the date of approval of these consolidated Ind AS financial statements. Further, the Parent Company has not defaulted in repayment of such loans raised.

(₹ in Million)

Nature of fund taken	Name of lender	Amount involved	Name of the subsidiary, joint venture, associate	Relation	Details of Security to be Pledged
Term Loan	Innoven Capital India Private Limited	215.00	Capillary Pte Ltd, Singapore	Wholly Owned Subsidiary	Investment in equity shares

14 Net employee defined benefit liabilities

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
Provision for employee benefits:			
Provision for gratuity (refer note 31)	32.80	22.54	19.62
	32.80	**22.54**	**19.62**
Current			
Provision for employee benefits:			
Provision for gratuity (refer note 31)	7.68	12.22	16.81
	7.68	**12.22**	**16.81**

15 Provisions

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Current			
Provision for employee benefits:			
Provision for compensated absences	31.46	21.63	23.93
	31.46	**21.63**	**23.93**

16 Other financial liabilities

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
At amortised cost			
Payable to related parties (refer note 41(a))	-	-	242.41
	-	-	**242.41**
Current			
At amortised cost			
Accrued salaries and benefits	109.04	95.64	137.28
Payable towards capital goods	2.97	2.24	3.16
Payable towards share purchase (refer note 41(b))	156.30	-	-
Payable to related parties (refer note 41(a))	-	236.69	-
	268.31	**334.57**	**140.44**

17 Other liabilities

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Current			
Contract liabilities - Deferred revenue (refer note 20.2)	336.10	313.56	365.98
Advance from customers	1.91	0.40	1.08
Statutory dues payable	37.95	34.75	32.73
	375.96	**348.71**	**399.79**

18 Liabilities for current tax (net)

(₹ in Million)

	March 31, 2022	March 31, 2021	April 01, 2020
Provision for taxation, net of advance tax	5.58	-	-
	5.58	-	-

19 Trade payables

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
At amortised cost			
Trade payables to others	663.95	330.59	482.98
	663.95	**330.59**	**482.98**

Notes:-

1. Trade payables are non-interest bearing and are normally settled on terms upto 90 days.

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19.1 Trade Payables Ageing Schedule

As at March 31, 2022 (₹ in Million)

Particulars	Unbilled	Outstanding for following periods from due date of payment*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed outstanding dues of creditors	209.53	448.56	4.91	0.38	0.57	663.95
Disputed outstanding dues of creditors	-	-	-	-	-	-
Total	**209.53**	**448.56**	**4.91**	**0.38**	**0.57**	**663.95**

As at March 31, 2021 (₹ in Million)

Particulars	Unbilled	Outstanding for following periods from due date of payment*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed outstanding dues of creditors	145.16	183.31	0.83	0.77	0.52	330.59
Disputed outstanding dues of creditors	-	-	-	-	-	-
Total	**145.16**	**183.31**	**0.83**	**0.77**	**0.52**	**330.59**

As at April 01, 2020 (₹ in Million)

Particulars	Unbilled	Outstanding for following periods from due date of payment*				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed outstanding dues of creditors	108.17	371.48	2.39	0.88	0.06	482.98
Disputed outstanding dues of creditors	-	-	-	-	-	-
Total	**108.17**	**371.48**	**2.39**	**0.88**	**0.06**	**482.98**

* The management has considered transaction date as the basis for determining the ageing of Trade Payables.

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20 Revenue from operations

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of services		
Retainership and other services from external customers	1,774.35	1,355.52
Income from campaign services	456.34	353.59
Total revenue from operations	**2,230.69**	**1,709.11**
India	673.92	537.68
Outside India	1,556.77	1,171.43
Total revenue from operations	**2,230.69**	**1,709.11**

20.1 Timing of revenue recognition

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Services transferred over time	1,774.35	1,355.52
Services transferred at a point in time	456.34	353.59
	2,230.69	**1,709.11**

20.2 Contract Balances

(₹ in Million)

	March 31, 2022	March 31, 2021
Trade receivables (including unbilled revenue):		
-Current (Gross)	599.86	584.33
- Impairment allowance	(30.43)	(36.04)
Contract liabilities:-		
Deferred revenue:		
-Current	336.10	313.56
Advance from customers:		
-Current	1.91	0.40

20.3 Revenue recognized during the year

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Arising out of contract liabilities at the beginning of the year	313.56	365.98

21 Other income

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Export incentives	-	49.23
Net gain on disposal/ discard of property, plant and equipment	-	0.55
Provisions/ liabilities no longer required written back	6.97	19.47
Net gain on modification of lease contracts (refer note 33)	-	8.43
Other non-operating income	1.60	10.54
	8.57	**88.22**

22 Finance income

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on bank deposits	4.87	4.31
Interest income on income tax refund	-	8.58
Interest income on security deposits	0.23	0.02
	5.10	**12.91**

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23 Employee benefit expenses

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	1,002.41	819.83
Contribution to provident and other funds (refer note 31)	39.06	19.57
Employee stock option expenses (refer note 32)	380.88	38.53
Gratuity expenses (refer note 31)	10.66	10.50
Staff welfare and training and recruitment expenses	43.70	24.97
	1,476.71	**913.40**

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

24 Depreciation and amortisation expenses

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (refer note 3)	12.23	10.02
Amortisation of intangible assets (refer note 4)	246.81	139.99
Depreciation of right-of-use assets (refer note 33)	28.11	27.86
	287.15	**177.87**

25 Finance costs

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on debts and borrowings (refer note 35)	58.45	11.11
Interest on lease liabilities (refer note 33)	2.15	4.12
Interest - others	19.82	1.77
Bank charges	6.75	5.35
	87.17	**22.35**

26 Other expenses

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Payment to Auditor*	1.96	2.17
CSR expenditure	1.47	-
Provision for doubtful trade receivables and advances (including bad debts written off)	12.50	0.23
Advances/ deposits written off	2.26	7.48
Intangible assets under development written off	-	2.29
Selling and marketing expenses	100.22	67.25
Loss on account of foreign exchange fluctuations (net)	4.52	4.93
Rates and taxes	7.89	9.54
Software and server charges	282.87	238.09
Directors' sitting fees (refer note 35)	0.73	-
Property, plant and equipment written off	0.74	-
Miscellaneous expenses	72.36	55.14
	487.52	**387.12**

***Payment to Auditor (exclusive of goods and services tax)**

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor:		
Statutory Audit fees	6.60	2.00
In other capacity:**		
Reimbursement of expenses	0.17	0.17
	6.77	**2.17**
Less: Recoverable from Ultimate Holding Company	(4.81)	-
	1.96	**2.17**

** The above amount excludes payments to auditors amounting to ₹ 210 Million for services rendered on account of proposed Initial Public Offering ('IPO') which are recoverable from the Ultimate Holding Company.

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27 Exceptional items

	(₹ in Million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Employee stock option expenses (refer note 32)[1]	160.07	-
	160.07	**-**

1. During the year employee stock options granted by the Ultimate Holding Company to various employees of the Parent Company were cancelled pursuant to the restructuring done by the management as detailed in note 32. The Parent Company accounted such cancellation as an acceleration of vesting and has recognised immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

28 Income tax

1. The Parent Company is subject to income tax in India on the basis of standalone Ind AS financial statements of the Parent Company. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period. The foreign subsidairies are subject to taxes as applicable in their respective geographies.

Income tax expenses in the consolidated statement of profit and loss consist of the following:

	(₹ in Million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Current tax	5.78	3.10
(b) Deferred tax (credit) / charge *	(28.53)	-
	(22.75)	**3.10**

* Deferred tax assets is not recognised since it is not probable that the taxable profit will be available against which the unutilised tax losses and temporary differences can be utilised, as assessed at March 31, 2022, March 31, 2021 and April 01, 2020

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	(₹ in Million)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Loss before taxes	(1,031.16)	(225.20)
Applicable tax rates in India	25.17%	25.17%
Computed tax charge	(259.52)	(56.68)
Tax effect on losses on which deferred tax has not been accounted	259.52	56.68
Tax expense of foreign subsidiaries on a standalone basis	5.78	3.10
Total tax expense	5.78	3.10
Income tax reported in the Consolidated Ind AS Statement of Profit and Loss	**5.78**	**3.10**

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29 Earnings per share (EPS)

Basic EPS is calculated by dividing the loss/profit for the year attributable to equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the years. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting years. The weighted average number of equity shares outstanding during the years is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the years plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Face value of equity shares (₹ per share)	2.00	2.00
(Loss) / profit attributable to equity shareholders of the Parent Company for basic/ diluted EPS (₹ in Million) (a)	(1,008.41)	(228.30)
Weighted average number of equity shares used for computing EPS (basic) (in Million) (b)	48.90	47.83
EPS- Basic (₹) (d=a/b)	**(20.62)**	**(4.77)**
EPS- Diluted (₹) (e=a/b)*	**(20.62)**	**(4.77)**

*Considering the Group has incurred loss in the current year, the effect of dilution on account of shares to be issued as per Capillary Employees Stock Option Scheme' - 2021 ('CESP') has been ignored.
** Also refer notes 11(2) and (3).

30 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated Ind AS Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

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

(a) Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the Consolidated Ind AS Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 37 for further disclosures.

(b) Contingencies
Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Refer note 34 for further disclosures.

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plan operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 31.

(d) Provision for expected credit losses of trade receivables and contract assets
The Group estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 8(3).

(e) Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. Refer note 33 for further disclosures.

f) Share-based payments
The Group measures the cost of equity settled transactions with employees at the grant date using a Black Scholes model for General Employee Share Option Plan (GESP) and 'Capillary Employees Stock Option Scheme' - 2021 (CESP). This estimation also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, risk free interest rate, volatility, dividend yield and time value of money and making assumptions about them. The assumptions and model used for estimating the fair value of the share based payments are disclosed in note 32. Also, refer note 27 for exceptional items.

g) Determination of control and accounting thereof
As detailed in the accounting policy, consolidation principles under Ind AS necessitates assessment of control of the subsidiaries independent of the majority shareholding. Consolidation principles under Ind AS are different from the previous GAAP, especially with respect to assessment of control of the subsidiaries. Based on the assessment made, the management of the Group believes that it has control over its underlying subsidiaries. The management of the Group assessed that it also exercises control over the carve out business of Capillary Technologies International Pte Ltd based on their assessment of the business and loan transfer agreement.

h) Impairment of Goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on Discounted Cashflows Model ("DCF model"). The cash flows projections are based on estimates and assumptions which are considered as reasonable by the management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate (i.e. 19.00% p.a) used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group (refer note 4 and 41).

j) Internally generated software
The Group has identified certain intangibles which are being internally generated. In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:
(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.
The Group had completed the research and acceptance phase and the projects are in the development phase. The Group has done evaluation of the internally generated software and concluded on being treated as intangible assets. Refer note 4 for further disclosure.

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31 **Gratuity and other post-employment benefit plans**

I) Defined contribution plan

The Group's contribution to provident fund and other funds are considered as defined contribution plans. The contributions are charged to the consolidated Ind AS statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefit expenses (refer note 23) are as under:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Contribution to provident and other funds	39.06	19.57
Total	**39.06**	**19.57**

II) Defined benefit plan

Gratuity

The Parent Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expenses recognised in the consolidated Ind AS statement of profit or loss and amounts recognised in the consolidated Ind AS balance sheet for gratuity benefit:

i. Net benefit expenses (recognised in the Consolidated Ind AS Statement of Profit and Loss)

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	8.52	8.50
Interest cost on defined benefit obligation	2.14	2.00
Net benefit expenses	**10.66**	**10.50**

ii. Remeasurement loss / (gain) recognised in other comprehensive income (OCI):

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial loss/(gain) on obligations arising from changes in experience adjustments	4.97	(2.95)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(0.99)	2.39
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(0.24)	-
Actuarial loss/ (gain) recognised in OCI	**3.74**	**(0.56)**

iii. Net defined benefit (liability) / asset

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Defined benefit obligation	(40.48)	(34.76)	(36.43)
Fair value of plan assets	-	-	-
Plan (liability) / asset	**(40.48)**	**(34.76)**	**(36.43)**

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	34.76	36.43
Current service cost	8.52	8.50
Interest cost on the defined benefit obligation	2.14	2.00
Benefits paid	(8.68)	(11.61)
Actuarial loss/(gain) on obligations arising from changes in experience adjustments	4.97	(2.95)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(0.99)	2.39
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(0.24)	-
Closing defined benefit obligation	**40.48**	**34.76**

v. The following pay-outs are expected in future years:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Within the next 12 months	7.68	12.22	16.81
Between 1 and 2 years	6.00	4.92	4.23
Between 2 and 3 years	4.72	4.01	3.31
Between 3 and 4 years	3.63	3.17	2.73
Between 4 and 5 years	2.82	2.43	2.16
Between 6 and 10 years	8.97	7.72	6.87
Beyond 10 years	30.60	27.87	36.56
Expected cash outflow in future years	**64.42**	**62.34**	**72.67**

The average duration of the defined benefit plan obligation at the end of the reporting year is 7.12 years (March 31, 2021: 6.50 years and April 01, 2020: 6.78 years)

vi. The principal assumptions used in determining gratuity obligations for the Parent Company's plan are shown below:

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Discount rate (in %)	7.02%	6.52%	6.54%
Salary escalation rate (in %)	10.00%	10.00%	Refer note (ii)
Employee turnover/ withdrawal rate	30.00%	28.62%	28.62%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Salary Escalation Rate

Years	Rate of escalation
First year	(10%)
Next 3 years	0%
Future years	10%

iii) Plan characteristics and associated risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

b. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

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31 Gratuity and other post-employment benefit plans (contd.)

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2022 and March 31, 2021 is as shown below:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(1.99)	(1.89)
Impact on defined benefit obligation due to 1% decrease in discount rate	2.22	2.15
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	1.43	1.27
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(1.37)	(1.26)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.35)	(0.36)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.00	0.38

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the consolidated Ind AS balance sheet.

32 Share-based payments

A Description of the share based payment arrangements

The Group has the following share based payment arrangements:

(a) General Employee Share Option Plan ('GESP') of the Ultimate Holding Company

The shareholders of the Ultimate Holding Company had approved the General Employee Share Option Plan (GESP) for the grant of non-transferable options that are settled by physical delivery of the ordinary shares of the Ultimate Holding Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

At a meeting of the Board of Directors of the Ultimate Holding Company, 3.22 million options which were granted to various employees of the Ultimate Holding Company and its subsidiaries on different dates were cancelled as of October 31, 2021.

(b) Capillary Employees Stock Option Scheme' - 2021 ('CESP')

The shareholders have approved the 'Capillary Employees Stock Option Scheme' - 2021 (CESP). The plan provides for the issue of 7,175,000 options to eligible employees and eligible directors of the Capillary Group. Capillary Group shall mean the Parent Company and its wholly owned subsidiaries, either existing or as may be incorporated from time to time and its Ultimate Holding company and any successor company thereof.

The plan is administered by a Board of Directors of the Parent Company /compensation committee/ nomination and remuneration committee constituted by the Board (as the case may be) (Administrator). Under CESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Administrator. The exercise price shall be as may be determined by the Administrator at the time of grant of options provided that the exercise price shall not be more than the fair market value of the shares as on the date of grant of options.

There shall be a minimum period of one (1) year between the grant of options and vesting of options, with a maximum period of ten (10) years from the date of grant of such options. Vesting of options would be subject to continued employment with the Parent Company and the options would vest on a quarterly basis. The option grantee may exercise the vested options (whether granted pre-listing or post-listing) within (a) 10 (ten) years from the date of vesting of options, or (b) 12 (twelve) years from the date of listing, whichever is later.

B Measurement of fair values

(a) The fair value of the share options granted under the GESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Ultimate Holding Company.

The following table lists the inputs to the option pricing models for the year ended March 31, 2022 and March 31, 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend yield (%)	0%	0%
Expected volatility (%)	31.76% - 86.38%	31.76% - 86.38%
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%
Expected life of option (years)	5 - 7	5 - 7
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	USD 1.81 - 5.45
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	USD 1.23 - 5.45

The fair value of the grants granted under the GESP Scheme during the year ended March 31, 2022 and March 31, 2021 has been estimated based on the fair value of USD 5.449 per options considered for the purpose of acquisition of another Company for which purchase consideration was partly settled in form of options granted under the GESP Scheme.

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(b) The fair value of the share options granted under the CESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Parent Company.

The following table lists the inputs to the option pricing models for the year ended March 31, 2022 and March 31, 2021 respectively:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend yield (%)	0%	-
Expected volatility (%)	33.33%	-
Risk-free interest rate (% p.a.)	6.12% - 6.27%	-
Expected life of option (years)	5.57 - 6.00	-
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	₹ 376	-
Weighted average share price as per Post DLOM & Post DLOC	₹355.96 - ₹357.39	-

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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32 **Share-based payments (contd.)**

C **Movements during the year**

(a) The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, GESP plan during the year

(₹ in Million)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the year	4.66	-	4.57	-
Granted during the year	0.66	-	0.24	-
Forfeited / lapsed during the year	(0.05)	-	(0.15)	-
Cancelled during the year	(3.18)	-	-	
Exercised during the year	(0.01)	-	-	-
Options outstanding at the end of the year	**2.08**	-	**4.66**	-
Exercisable at period end	2.08		4.46	

The options outstanding as at March 31, 2022 had an exercise price of Nil (March 31, 2021 and April 01, 2020: Nil) and the weighted average remaining contractual life of 4.25 years (March 31, 2021: 5.24 years and April 01, 2020: 6.20 years)

(b) The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, CESP plan during the year

(₹ in Million)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the year	-	-	-	-
Granted during the year	3.75	0.05	-	-
Forfeited / lapsed during the year	(0.01)	-	-	-
Options outstanding at the end of the year	**3.74**	**0.05**	-	-
Exercisable at period end	-		-	

The options outstanding as at March 31, 2022 had an exercise price of 0.05 and the weighted average remaining contractual life of 9.68 years.

D **Expense recognised in consolidated Ind AS statement of profit and loss**
The expense recognised for employee services received during the period is shown in the following table :

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expense arising from equity settled share based payment transaction of GESP recognised in Employee benefit expenses (refer note 23)	121.71	38.53
Expense arising from equity settled share based payment transaction of GESP recognised in Exceptional items (refer note 27)	160.07	-
Expense arising from equity settled share based payment transaction of GESP recognised in Professional and consultancy expenses	8.76	3.25
Expense arising from equity settled share based payment transaction of CESP recognised in Employee benefit expenses (refer note 23)	259.17	-

E The Ultimate Holding Company had granted stock options to employees of the Group under ESOP plans as detailed in note 32(A)(a) above. The Ultimate Holding Company has an obligation to settle the transaction with the employees of the Group by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Group had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction

The Parent Company has granted stock options to the employees of Capillary Group under ESOP Plan as detailed in note 32(A)(b) above. The Parent Company has an obligation to settle the transaction with the employees of the Capillary group by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Parent Company has measured its expense in accordance with the requirements applicable to equity-settled share-based payment transaction

33 **Leases**

I. Company as a lessee
The Group has lease contracts for office facilities. The lease term of the office facilities is generally 1-5 years. The Group also has certain leases of offices with lease terms of 12 months or less or low value. The Group applies the leases of low value assets and short term leases recognition exemptions for these leases.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The carrying amounts of right-of-use assets recognised and the movements during the year is as follows:

(₹ in Million)

Particulars	Office Premises	
	March 31, 2022	March 31, 2021
Opening balance	21.81	131.54
Additions	40.90	-
Adjustment pursuant to acquisition of a subsidiary (refer note 41(b))	1.11	-
Depreciation expenses	(28.11)	(27.86)
Modification of right-of-use assets/other adjustments	-	(81.95)
Exchange differences - Translation adjustments	0.13	0.08
Closing balance	**35.84**	**21.81**

The carrying amounts of lease liabilities recognised and the movements during the year is as follows:

(₹ in Million)

	March 31, 2022	March 31, 2021
Opening balance	8.26	123.00
Additions	40.90	-
Adjustment pursuant to acquisition of a subsidiary (refer note 41(b))	1.04	-
Accretion of interest	2.15	4.12
Payments	(15.37)	(24.74)
Modification of lease liabilities	-	(81.95)
Adjusted with security deposits	-	(12.17)
Closing balance	**36.98**	**8.26**

(₹ in Million)

The same is shown under:	March 31, 2022	March 31, 2021
Current	24.57	7.70
Non-current	12.41	0.56
Total	**36.98**	**8.26**

The maturity analysis of lease liabilities are disclosed in note 37.

The effective interest rate for lease liabilities is 3.75% to 14.35% (March 31, 2021: 6% to 14.50% and April 01, 2020: 6% to 14.50%)

(iii) The following amounts are recognised in the consolidated Ind AS statement of profit and loss

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expense of right-of-use assets	28.11	27.86
Interest expense on lease liabilities	2.15	4.12
Expense relating to leases of low-value assets/short term leases (included in other expenses)	7.82	15.91
Total amount recognised in the consolidated statement of profit and loss	**38.08**	**47.89**

The Group had total cash outflows for leases of ₹ 23.19 Million during the year ended March 31, 2022 (March 31, 2021: ₹ 40.65 Million)

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34 Contingent liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its consolidated Ind AS financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated Ind AS financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Bank guarantees outstanding	3.91	3.91	-
Total	**3.91**	**3.91**	-

(i) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. In the absence of reliable measurement of the provision for earlier years, the Group has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

35 Related party disclosures

a) Names of the related parties and description of relationship

Nature of Relationship	Name of the Party
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore (Ultimate Holding Company)
Subsidiary Companies	Capillary Pte Ltd., Singapore (incorporated w.e.f. July 21, 2021) Capillary Technologies DMCC, UAE Capillary Technologies (Shanghai) Co. Ltd, China Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia PT Capillary Technologies Indonesia, Indonesia Persuade Holding Inc. (formerly known as 'Persuade Holdings LLC'), USA Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA
Key managerial personnel and their relatives (where transactions have taken place)	Mr. Sridhar Bollam (Resigned directorhip w.e.f December 10, 2021) Mr. Aneesh Reddy Boddu, Executive director and Chief Executive Officer Mr. Mohan Reddy Boddu, Relative Mr. Aditya Reddy Boddu, Relative Ms. Pavani Reddy Boddu, Relative Mr. Anant Choubey, Director, Executive director and Chief Operating Officer (Appointed w.e.f. January 02, 2020) Mr. Alok Choubey, Relative Mr. Satish Kumar Choubey, Relative Mr. Venkat Ramana Tadanki, Independent Director (Appointed w.e.f. December 10, 2021) Ms. Janaki Munjuluri Rao, Relative Mrs. Neelam Dhawan, Independent Director (Appointed w.e.f. December 10, 2021) Mr. Sameer Garde, Independent Director (Appointed w.e.f. December 10, 2021) Mrs. Yamini Preethi Natti, Independent Director (Appointed w.e.f. December 10, 2021) Mr. Farid Lalji Kazani, Independent Director (Appointed w.e.f. December 10, 2021) Mr. Abhijeet Rajendra Vijayvergiya, Director (Resigned w.e.f. January 02, 2020) Mr. Mahendra Chordia, Chief Financial Officer (Appointed w.e.f. August 31, 2021 and resigned w.e.f. May 13, 2022) Mrs. G. Bhargavi Reddy, Company Secretary (Appointed w.e.f. July 14, 2021)

b) Summary of transactions and outstanding balances with above related parties are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1) Transactions during the year		
a) Interest on debts and borrowings		
Capillary Technologies International Pte. Ltd., Singapore	6.79	7.53
b) Expenditure incurred on behalf of the Parent Company by others		
Capillary Technologies International Pte. Ltd., Singapore	30.05	
c) Directors' sitting fees*		
Mr. Venkat Ramana Tadanki	0.60	-
Mrs. Neelam Dhawan	0.70	-
Mr. Sameer Garde	0.70	-
Mrs. Yamini Preethi Natti	0.40	-
Mr. Farid Lalji Kazani	0.70	-
d) Issuance of equity shares (including securities premium)		
Capillary Technologies International Pte. Ltd., Singapore	520.11	-
Mr. Mohan Reddy Boddu	15.01	-
Mr. Anant Choubey	15.01	-
Mr. Aditya Reddy Boddu	7.39	-
Mr. Mahendra Chordia (Appointed w.e.f. August 31, 2021 and resigned w.e.f. May 13, 2022)	5.01	-
Ms. Pavani Reddy Boddu	3.50	-
Mr. Sridhar Bollam, Director (Resigned directorhip w.e.f December 10, 2021)	3.01	-
Ms. Janaki Munjuluri Rao (Joint ownership with Mr. Munjaluri Nagabhushana Rao)	3.01	-
Mr. Alok Choubey	2.51	-
Mr. Satish Kumar Choubey	2.51	-
Mrs. Yamini Preethi Natti	1.50	-
e) Issuance of preference shares (including securities premium)**		
Mr. Venkat Ramana Tadanki	36.80	-
Mr. Farid Lalji Kazani	32.50	-
Mr. Sameer Garde	2.01	-
Mrs. Neelam Dhawan	7.51	-
f) Collections made on behalf of the Ultimate Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	-	1.89
g) Expenditure incurred by the Group on behalf of the Ultimate Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	116.16	-
h) Corporate guarantees taken from the Ultimate Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	135.00	-
i) Remuneration to key managerial personnel and their relatives (including employee stock option expenses)		
Mr. Anant Choubey	75.20	6.62
Mr. Aneesh Reddy Boddu	124.95	15.36
Mr. Mahendra Chordia (Appointed w.e.f. August 31, 2021 and resigned w.e.f. May 13, 2022)	24.02	-
Mrs. G. Bhargavi Reddy	3.70	-
Mr. Sridhar Bollam (Resigned directorship w.e.f. December 10, 2021)	6.90	5.29

* Includes ₹ 2.37 Million recoverable from Capillary Technologies International Pte. Ltd., Singapore
** These have been converted into equity shares during the year. Also refer note 11(a)(3)

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35 **Related party disclosures (contd.)**

2) Outstanding balances as at year end

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
a) Trade receivables			
Capillary Technologies International Pte. Ltd., Singapore	-	147.01	150.77
b) Other receivables from related parties			
Capillary Technologies International Pte. Ltd., Singapore	116.16	-	-
c) External commercial borrowings			
Capillary Technologies International Pte. Ltd., Singapore	153.67	153.83	152.28
d) Corporate guarantees taken from the Ultimate Holding Company			
Capillary Technologies International Pte. Ltd., Singapore	255.00	120.00	120.00

c) Key Managerial Personnel's interests in the share based payments plan:
Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows

Share based payments plan	Exercise price	Number Outstanding (in Million)		
		March 31, 2022	March 31, 2021	April 01, 2020
General Employee Share Option Plan (GESP) of the Ultimate Holding Company	-	-	0.98	0.98
Capillary Employees Stock Option Scheme' - 2021 ('CESP')	-	1.23	-	-

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Ultimate Holding Company and the Parent Company. Refer to Note 32 for further details on the scheme

Notes:-

1. The transactions with related parties are made by the Group on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.

2. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amount pertaining to remuneration to the key managerial personnel are not ascertainable and, therefore, not disclosed above

3. Refer note 13 for borrowings with regard to securities given by the Ultimate Holding Company for the loan facility availed by the Parent Company.

4. The above information has been determined to the extent such parties have been identified on the basis of information available with the Group

36 **Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'**

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:
Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Management Team who are Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of these consolidated Ind AS financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

(ii) Reportable segments:
An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of Ind AS 108 - 'Operating Segments' i.e. the segments have similar economic characteristics and the segments are similar in the nature of services, type or class of customer for their services etc. CODM evaluates the performance of the Group based on the single operative segment as cloud based intelligent customer engagement software solutions to retail chain operators ('CRM Services'). Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

(b) Geographical information

(₹ in Million)

Particulars	Revenue from Operations*	
	For the year ended March 31, 2022	For the year ended March 31, 2021
India	673.92	537.68
Outside India	1,556.77	1,171.43
Total	**2,230.69**	**1,709.11**

(₹ in Million)

Particulars	Non-current Assets**		
	March 31, 2022	March 31, 2021	April 01, 2020
India	50.07	30.83	149.03
Outside India	2,114.40	251.70	280.51
Total	**2,164.47**	**282.53**	**429.54**

*Revenue by geographical area are based on the geographical location of the customers.
**Non-current assets excludes financial instruments and tax assets.

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37 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.3 (m).

(a) Financial assets and liabilities

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through profit and loss or fair value through other comprehensive income as at March 31, 2022, March 31, 2021 and April 01, 2020.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2022, March 31, 2021 and April 01, 2020.

(₹ in Million)

Particulars	Carrying and Fair Value		
	March 31, 2022	March 31, 2021	April 01, 2020
Financial assets			
(i) Trade receivables	569.43	548.29	648.11
(ii) Cash and cash equivalents	291.94	385.76	236.70
(iii) Other financial assets	280.89	100.95	95.93
Total	**1,142.26**	**1,035.00**	**980.74**
Financial liabilities			
(i) Borrowings	789.41	199.44	245.64
(ii) Trade payables	663.95	330.59	482.98
(iii) Lease liabilities	36.98	8.26	123.00
(iv) Other financial liabilities	268.31	334.57	382.85
Total	**1,758.65**	**872.86**	**1,234.47**

(b) Fair Value Hierarchy

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2022 and March 31, 2021.

(c) Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk
Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(I) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. Thus profits and cash flows from financing activities are dependent on market interest rates. Further, any decline in the credit rating of the Group will have an adverse impact on the interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Fixed rate instruments:			
Financial liabilities	345.04	-	16.55
Variable rate instruments:			
Financial liabilities	444.37	199.44	229.09

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37 Disclosures on Financial instruments (contd.)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

Particulars	Increase/decrease in basis points	For the year ended March 31, 2022	For the year ended March 31, 2021	April 01, 2020
Interest rate fluctuation	+50	(2.22)	(1.00)	(1.15)
Interest rate fluctuation	-50	2.22	1.00	1.15

(2) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities. The Group's exposure to foreign currency changes from operating activities is not material.

The following table demonstrate the unhedged exposure in USD / SGD exchange rate as at March 31, 2022, March 31, 2021 and April 01, 2020. The Group's exposure to foreign currency changes for all other currencies are not material.

Particulars	March 31, 2022		March 31, 2021		April 01, 2020	
	Amount in foreign currency (in Million)	Amount in ₹ (in Million)	Amount in foreign currency (in Million)	Amount in ₹ (in Million)	Amount in foreign currency (in Million)	Amount in ₹ (in Million)
Financial assets						
Trade receivables						
USD	-	-	2.00	147.01	2.00	150.77
SGD	0.23	12.76	0.32	17.54	0.80	42.82
Other receivables from related parties						
USD	1.53	116.16	-	-	-	-
Advances to employees						
SGD	-	-	0.04	1.96	0.00	0.05
Cash and cash equivalents						
USD	0.04	3.24	0.08	5.56	0.14	10.58
SGD	0.04	2.43	0.25	13.38	0.03	1.35
Security deposits						
SGD	0.01	0.53	0.01	0.51	0.04	2.14
Financial liabilities						
Borrowings						
USD	3.34	253.38	2.10	153.83	2.02	152.28
Trade payables						
USD	0.17	13.25	0.01	0.90	0.01	0.50
SGD	2.91	160.88	0.29	15.54	0.52	27.54
Other current financial liabilities						
SGD	0.03	1.69	0.16	8.29	0.47	24.87

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in respective foreign currency exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

(₹ in Million)

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
March 31, 2022			
USD	5%	(7.36)	7.36
SGD	5%	(7.34)	7.34
March 31, 2021			
USD	5%	(0.11)	0.11
SGD	5%	0.48	(0.48)
April 01, 2020			
USD	5%	0.43	(0.43)
SGD	5%	(0.30)	0.30

The sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at March 31, 2022, March 31, 2021 and April 01, 2020. The year end balances are not necessarily representative of the average debt outstanding during the year.

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37 Disclosures on Financial instruments (contd.)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Group.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 1,142.26 million (March 31, 2021: ₹ 1,035.00 million and April 01, 2020: ₹ 980.74 million), being the total carrying value of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Group.

Customer credit risk is managed based on the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group does not hold collateral as security.

With respect to trade receivables, the Group has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Refer note 8(3) for movement in expected credit loss for the years ended March 31, 2022 and March 31, 2021.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(d) Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund based working capital limits from a bank. The Group invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Group monitors its risk of shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

(₹ in Million)

Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
March 31, 2022				
Borrowings (refer note 1)	537.14	250.44	10.26	797.84
Lease liabilities	24.72	16.30	-	41.02
Trade payables	663.95	-	-	663.95
Other financial liabilities	268.31	-	-	268.31
	1,494.12	**266.74**	**10.26**	**1,771.12**
March 31, 2021				
Borrowings (refer note 1)	45.61	153.83	-	199.44
Lease liabilities	7.70	0.56	-	8.26
Trade payables	330.59	-	-	330.59
Other financial liabilities	334.57	-	-	334.57
	718.47	**154.39**	-	**872.86**
April 01, 2020				
Borrowings (refer note 1)	93.36	152.28	-	245.64
Lease liabilities	37.18	122.55	-	159.73
Trade payables	482.98	-	-	482.98
Other financial liabilities	140.44	242.41	-	382.85
	753.96	**517.24**	-	**1,271.20**

Notes:
1. The above disclosure excludes interest to be paid on the borrowings, by the Group.

38 Capital management

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Group.

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long-term and short-term borrowings and support from the Holding Company.

For the purpose of the Group's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity share holders of the Group.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Borrowings (refer note 13)	789.41	199.44	245.64
Less: Cash and cash equivalents (refer note 9)	(291.94)	(385.76)	(236.70)
Total debts (A)	**497.47**	**(186.32)**	**8.94**
Equity share capital (refer note 11)	100.03	23.33	23.33
Other equity (refer note 12)	1,061.39	102.73	(103.72)
Total Capital (B)	**1,161.42**	**126.06**	**(80.39)**
Capital and borrowings C= (A+B)	**1,658.89**	**(60.26)**	**(71.45)**
Gearing ratio (%) D= (A/C)	**29.99%**	**309.19%**	**(12.51%)**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

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39 Statutory Group Information

Sl No.	Name of the entity in the group	Country of Incorporation	Relationship as at March 31, 2022	Percentage of effective ownership interest held (directly and indirectly) and voting rights			Net Assets, i.e., total assets minus total liabilities						Share in total Comprehensive income			
							March 31, 2022		March 31, 2021		April 01, 2020		March 31, 2022		March 31, 2021	
				March 31, 2022	March 31, 2021	April 01, 2020	As % of consolidated net assets*	₹ in million	As % of consolidated net assets*	₹ in million	As % of consolidated net assets*	₹ in million	As % of total comprehensive income*	₹ in million	As % of total comprehensive income*	₹ in million
	Parent															
1	Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')	India	Parent Company				129.35%	1,502.26	259.26%	326.82	(153.74%)	123.59	22.14%	(225.32)	(94.73%)	167.53
	Foreign Subsidiaries															
2	Capillary Pte Ltd[2]	Singapore	Subsidiary	100%	-	-	139.87%	1,624.48	-	-	-	-	11.34%	(115.40)	-	-
3	Capillary Technologies DMCC, UAE[5]	United Arab Emirates	Subsidiary	100%	100%	100%	(54.24%)	(629.94)	(324.82%)	(409.47)	400.00%	(321.56)	22.74%	(231.50)	50.08%	(88.57)
4	Capillary Technologies Shanghai Co Ltd, China[5]	China	Subsidiary	100%	100%	100%	1.54%	17.90	7.54%	9.51	(32.75%)	26.33	0.88%	(8.98)	18.60%	(32.89)
5	Capillary Technologies (Malaysia) Sdn Bhd, Malaysia[5]	Malaysia	Subsidiary	100%	100%	100%	(7.96%)	(92.46)	(53.43%)	(67.36)	73.03%	(58.71)	4.92%	(50.03)	5.53%	(9.78)
6	PT Capillary Technologies Indonesia, Indonesia[5]	Indonesia	Subsidiary	100%	100%	100%	(4.45%)	(51.65)	(19.60%)	(24.71)	50.90%	(40.92)	2.77%	(28.24)	(9.17%)	16.21
7	Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA[3]	United States of America	Subsidiary	100%	-	-	8.95%	103.98	-	-	-	-	(4.18%)	42.51	-	-
8	Persuade Holdings Inc (formerly known as Persuade Holdings LLC), USA[3]	United States of America	Subsidiary	100%	-	-	0.00%	0.02	-	-	-	-	0.00%	(0.01)	-	-
	Carve out business															
9	Carve out business of Capillary Technologies International Pte Ltd[4]	Singapore	Subsidiary	**	100%	100%	**	**	464.24%	585.22	(612.73%)	492.57	28.19%	(286.96)	130.83%	(231.37)
	Sub Total						**100.00%**	2,474.59	**100.00%**	420.01	**100.00%**	221.30	**100.00%**	(903.93)	**100.00%**	(178.87)
	Consolidation adjustments/ eliminations**						(113.07%)	(1,313.17)	(233.18%)	(293.95)	375.28%	(301.69)	11.19%	(113.89)	(1.14%)	2.02
	Total						**100.00%**	**1,161.42**	**100.00%**	**126.06**	**100.00%**	**(80.39)**	**100.00%**	**(1,017.82)**	**100.00%**	**(176.85)**

* The figures have been considered from the respective financial statements
** Consolidation adjustments/eliminations include intercompany eliminations and consolidation adjustments

Notes
1. The financial statements of subsidiaries have been drawn up to the same reporting date as of the Parent Company, i.e. March 31, 2022.
2. Refer note 41(a)
3. Acquired during the year ended March 31, 2022 (refer note 41(b))
4. Transferred to Capillary Pte Ltd puruant to the Business and Loan Transfer Agreement (BLTA) (refer note 41(a)) during the year ended March 31, 2022.
5. Transferred to Capillary Pte Ltd pursuant to Gift Deeds (refer note 41(a)) during the year ended March 31, 2022.

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Bengaluru

40 Events after the reporting period

(i) The Parent Company proposes to undertake an Initial Public Offer ('IPO') of equity shares and is in the process of filing of Red Herring Prospectus with Securities and Exchange Board of India ('SEBI').

41 Business Combinations

(a) Business and Loan Transfer Agreement including Addendum thereto and Gift deeds for transfer of shares of certain subsidiaries between Capillary Technologies International Pte Ltd and Capillary Pte Ltd during the year ended March 31, 2022

On July 21, 2021, the Ultimate Holding Company incorporated Capillary Pte Ltd. ("CPL") under the laws of Singapore with 100 equity shares of SGD 0.01 per share. On September 01, 2021, the Parent Company subscribed to 1,385,135,135 equity shares of CPL at a fair value of USD 0.0074 per share aggregating to ₹ 747.99 million (USD 10.25 million). On October 29, 2021, CPL bought back the shares held by the Ultimate Holding Company and as a result of such buy back, CPL became a wholly owned subsidiary of the Group. On December 28, 2021, the Parent Company further subscribed to 178,571,429 equity shares of CPL at a fair value of USD 0.014 per share aggregating to ₹ 186.72 million (USD 2.50 million).

On November 01, 2021, CPL entered into a Business and Loan Transfer Agreement ("BLTA") with the Ultimate Holding Company, to purchase the Business Undertaking (comprising of Business assets and Business liabilities) as defined in the BLTA ('Business Undertaking') on a going concern basis including assignment of Innoven loan from the Ultimate Holding Company to CPL as defined in the BLTA and further amended vide addendum dated December 21, 2021 between the Ultimate Holding Company and CPL (collectively called "the Transferred Business") for a total consideration of USD 0.22 million (INR 16.05 million) to be settled in cash. The Business Undertaking is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. CPL has consummated the above acquisition on November 01, 2021 by payment of USD 0.22 million (INR 16.05 million) to the Ultimate Holding Company. The aforesaid transfer of Business pursuant to the BLTA involves novation/ assignment/ transfer of various contracts, pending execution of such, the business has been transferred with beneficial rights to CPL.

In November 2021, the Ultimate Holding Company and CPL executed separate Deed of Gift to transfer investments in Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia, Capillary Technologies (Shanghai) Co Ltd, China, Capillary Technologies DMCC, UAE and PT Capillary Technologies Indonesia, Indonesia (hereinafter all referred together as the 'Transferred Entities') to CPL for no consideration.

Transferred Entities are engaged in the business of software and data analytical services and providing cloud based intelligent customer engagement software solutions to retail chain operators.

The Group accounted for the aforesaid transfers pursuant to the BLTA and Gift deeds as a Business Combination transaction under common control as per appendix C of Ind AS 103 and accordingly the transfers been given effect to from April 01, 2020, which will be the deemed acquisition date as per the aforesaid appendix. The excess of net assets over the aggregate purchase consideration paid by the Group has been adjusted with capital reserve.

The following table represents the particulars of assets and liabilities as at April 01, 2020, transferred to the Group as a consequence of the BLTA and Gift deeds:

(₹ in Million)

Particulars	Carve out business of Capillary Technologies International Pte. Ltd.	Capillary Technologies DMCC, UAE	Capillary Technologies (Shanghai) Co. Ltd, China	Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	PT Capillary Technologies Indonesia, Indonesia	Total
Assets						
Non-current assets						
(a) Property, plant and equipment	0.66	1.26	1.07	0.34	0.04	**3.36**
(b) Intangible assets	308.28	-	-	-	-	**308.28**
(c) Intangible assets under development	7.41	-	-	-	-	**7.41**
(d) Right-of-use assets	-	-	-	3.50	-	**3.50**
(e) Financial assets						
(i) Other financial assets	-	1.52	-	-	-	**1.52**
(f) Other non-current assets	12.59	3.56	-	-	-	**16.15**
Total (1)	**328.94**	**6.34**	**1.07**	**3.84**	**0.04**	**340.22**
Current assets						
(a) Financial assets						
(i) Trade receivables	108.81	138.81	14.87	9.60	21.60	**293.69**
(ii) Cash and cash equivalents	43.11	81.28	30.42	6.36	27.63	**188.80**
(iii) Loans	0.05	-	-	0.02	0.23	**0.30**
(iv) Other financial assets	406.89	2.03	2.51	1.60	-	**413.03**
(b) Other current assets	19.06	14.70	11.35	0.20	0.79	**46.10**
Total (2)	**577.92**	**236.82**	**59.15**	**17.78**	**50.25**	**941.92**
(A) Total assets (1+2)	**906.86**	**243.16**	**60.22**	**21.62**	**50.29**	**1,282.14**

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41 Business Combinations (contd.)

(₹ in Million)

Particulars	Carve out business of Capillary Technologies International Pte. Ltd.	Capillary Technologies DMCC, UAE	Capillary Technologies (Shanghai) Co. Ltd, China	Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	PT Capillary Technologies Indonesia, Indonesia	Total
Equity and liabilities						
Equity						
(a) Other equity	26.32	(322.57)	(449.63)	(67.39)	(42.51)	(855.78)
Total (1)	26.32	(322.57)	(449.63)	(67.39)	(42.51)	(855.78)
Non-current liabilities						
(a) Financial liabilities						
(i) Lease liabilities	-	-	-	2.10	-	2.10
Total (2)	-	-	-	2.10	-	2.10
Current liabilities						
(a) Financial liabilities						
(i) Lease liabilities	-	-	-	1.29	-	1.29
(ii) Trade payables	203.29	446.20	6.98	58.34	64.33	779.14
(iii) Other financial liabilities	24.87	27.96	18.09	7.52	0.05	78.49
(b) Provisions	1.47	4.40	1.43	0.40	0.16	7.86
(c) Other current liabilities	184.66	86.16	7.39	10.68	26.67	315.56
Total (3)	414.29	564.72	33.89	78.23	91.21	1,182.34
Total liabilities (2+3)	414.29	564.72	33.89	80.33	91.21	1,184.44
(B) Total equity and liabilities (1+2+3)	440.61	242.15	(415.74)	12.94	48.70	328.66
Net assets taken over (A-B)	466.25	1.01	475.96	8.68	1.59	953.49
Purchase consideration (USD in Million)	3.22	-	-	-	-	3.22
Purchase consideration (₹ in Million)	242.41	-	-	-	-	242.41
Excess of net assets over purchase consideration adjusted with capital reserve	223.84	1.01	475.96	8.68	1.59	711.08

The following table represents the change in capital reserve due to the change in net assets as at November 01, 2021, March 31, 2021 and April 01, 2020, transferred to the Group as a consequence of the BLTA:

(₹ in Million)

Particulars	November 01, 2021	March 31, 2021	April 01, 2020
Net assets taken over (A)	365.87	786.50	466.25
Purchase consideration (USD in Million)[1]	0.22	3.22	3.22
Purchase consideration (₹ in Million) (B)[2]	15.95	236.69	242.41
Excess of net assets over purchase consideration adjusted with capital reserve (A-B)	349.92	549.81	223.84
Change in capital reserve due to change in the net assets of carve out business (refer note 12)	(199.89)	325.97	

1. Long-term borrowings from financial institution amounting to USD 3.00 million was taken by the Ultimate Holding Company subsequent to the year ended March 31, 2021. Hence the purchase consideration has been grossed up to the extent of USD 3.00 million as at March 31, 2021 and April 01, 2020 for the purpose of calculating capital reserve.

2. The purchase consideration has been convered to INR at the closing rate prevailing at the end of the respective period/year.

The following table represents the change in capital reserve due to the change in net assets as at March 31, 2022, March 31, 2021 and April 01, 2020, transferred to the Group as a consequence of the Gift deeds:

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Net assets taken over (A)	518.31	502.79	487.24
Purchase consideration (₹ in Million) (B)	-	-	-
Excess of net assets over purchase consideration adjusted with capital reserve (A-B)	518.31	502.79	487.24
Change in capital reserve due to change in the net assets of gifted subsidiaries (refer note 12)	15.52	15.55	

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41 Business Combinations (contd.)

(b) Acquisitions during the year ended March 31, 2022

On September 01, 2021 (closing date), CPL executed an Acquisition Agreement and acquired 100% membership interest and shareholding of Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC') and Persuade Holdings Inc. (formerly known as Persuade Holdings LLC) respectively (collectively "the Acquired Enterprises") for a total maximum consideration of USD 25.90 million (INR 1,858.33 million). The discharge of said consideration is as follows:

a) Upfront cash payout of USD 10.00 million (₹ 736.16 million)
b) Second tranche of cash consideration payout of USD 2.50 million (₹ 181.73 million) paid in December 2021
c) Third Tranche Cash payout of USD 2.50 million (₹ 183.98 million) to paid on or by March 31, 2023 basis certain performance conditions of the Acquired enterprises based on an earnout model,
d) Stock issue of the Ultimate Holding Company amounting to USD 10.90 million (₹ 801.84 million) on or by March 31, 2023 basis certain performance conditions of the Acquired enterprises based on an earnout model. The Acquired enterprises are engaged in the business of software development services and provides digital, loyalty and analytical services.

The Acquisition Agreement also provides for Employee Stock Options (ESOPs) of the Ultimate Holding Company aggregating to USD 4.10 million (₹ 301.72 million) which will be issued by end of March 31, 2023 to the employees of the Acquired enterprises basis certain performance conditions of the Acquired enterprises based on an earnout model. Additionally, these ESOPs will be governed by the terms and conditions of the employment contract (including clauses around continuity of employment) of CPL. Accordingly since the issuance of these grants are dependent on future performance and continuity of the employment and also since it is not directly attributable to the acquisition, management has not considered these as purchase consideration in the consolidated Ind AS financial statements. Moreover, considering these ESOP's will be granted only after a period of nineteen months from the date of acquisition, no acquisition adjustments has been made for the same in these consolidated Ind AS financial statements.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the Acquired Enterprises as at the date of acquisition were:

(₹ in Million)

Particulars	Fair value recognised on acquisition
Assets	
Non-current assets	
(a) Property, plant and equipment	4.66
(b) Intangible assets	471.00
(c) Right-of-use assets	1.11
Total (1)	**476.77**
Current assets	
(a) Financial assets	
(i) Trade receivables	119.05
(ii) Cash and cash equivalents	17.32
(iii) Other financial assets	5.46
Total (2)	**141.83**
(A) Total assets (1+2)	**618.60**
Non-current liabilities	
(a) Financial liabilities	
(i) Borrowings	11.42
Total (1)	**11.42**
Current liabilities	
(a) Financial liabilities	
(i) Lease liabilities	1.04
(ii) Trade payables	34.56
(iii) Other financial liabilities	14.26
(b) Other current liabilities	41.96
Total (2)	**91.82**
(B) Total liabilities (1+2)	**103.24**
Total identifiable net assets at fair value (A-B)	**515.36**
Intangible assets acquired	471.00
Net tangible assets acquired	44.36
Deferred tax liability on intangibles and present value of purchase consideration payable	(129.75)
Goodwill	1,472.72
Purchase consideration	**1,858.33**
Purchase consideration	
Consideration paid upfront in cash	917.89
Deferred consideration to be paid in cash	138.60
Consideration to be settled by way of stock issue by the Ultimate Holding Company	801.84
Total Purchase consideration	**1,858.33**

All other disclosures as required under Ind AS 103 are as follows -

(i) no contingent liabilities have been recognised.
(ii) there are no such transactions that are recognized separately from the acquisition of assets and assumption of liabilities in the business combination.
(iii) the above business combination is a bargain-purchase.
(iv) the above business combination is not achieved in stages.
(v) Goodwill is not tax deductible.

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42 The spread of COVID-19 had severely impacted the business operations around the globe. The nationwide lockdown had impacted the Group's business volumes on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the year ended March 31, 2022 and March 31, 2021. The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Group considered internal and external sources of information up to the date of approval of these Consolidated Ind AS Financial Statements. The Group has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Ultimate Holding Company and one of the investors of the Ultimate Holding Company. The Group will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

43 The Parent Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the Income Tax Act 1961 ('regulations') to determine whether the transactions entered during the year ended March 31, 2022 with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the Consolidated Ind AS Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

44 The comparative consolidated financial information for the year ended March 31, 2021 presented in the Group consolidated Ind AS financial statements are based on information compiled by the management and were not subjected to an audit or independent review by a firm of chartered accountants.

45 Other Statutory information

(i) The Parent Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Parent Company does not have any transactions with companies struck off during the year.

(iii) The Parent Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period other than those disclosed in note 13(12).

(iv) The Parent Company has not traded or invested in Crypto currency or Virtual Currency during the years ended March 31, 2022 and March 31, 2021.

(v) Following are the details of the funds advanced by the Parent Company to Intermediaries for further advancing to the Ultimate beneficiaries:

(₹ in Million)

<table>
<tr><th>Name of the intermediary to which the funds are advanced</th><th>Date of funds advanced</th><th>Amount of funds advanced</th><th>Date on which funds are invested by intermediaries to Ultimate Beneficiaries</th><th>Amount of funds further advanced to Ultimate Beneficiaries</th><th>Ultimate Beneficiary</th></tr>
<tr><td rowspan="3">Capillary Pte Ltd., Singapore</td><td>September 01, 2021</td><td>750.04</td><td>September 13, 2021</td><td>735.88</td><td rowspan="3">Shareholders of Persuade Holding Inc. (formerly known as 'Persuade Holdings LLC'), USA (refer details below) and Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA</td></tr>
<tr><td rowspan="2">December 28, 2021</td><td rowspan="2">187.40</td><td>September 16, 2021</td><td>0.28</td></tr>
<tr><td>December 25, 2021</td><td>181.74</td></tr>
</table>

The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and The Companies Act,2013 for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2022 (15 of 2003)

Complete details of the Intermediary and Ultimate Beneficiary:

Name of the entity	Registered Address	Government Identification Number	Relationship with the Company
Capillary Pte. Ltd. (Intermediary)	68 Circular Road #02-01 Singapore 049422	202125294W	Subsidiary

As detailed above, the Ultimate Beneficiaries are shareholders of Persuade Holding Inc. (formerly known as 'Persuade Holdings LLC'), USA (refer details below) and Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA, hence complete details of ultimate beneficiary have not been furnished.

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(vi) Following are the details of the funds received by the Company and further advanced to the Ultimate beneficiaries:

(₹ in Million)

Name of the intermediary to which the funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are further advanced to other intermediary	Amount of funds further advanced to other intermediary	Other intermediary
Capillary Technologies International Pte. Ltd.	August 31, 2021	520.11	September 01, 2021	750.04	Capillary Pte. Ltd.
			December 28, 2021	187.40	

Refer table above for utilisation of funds by Capillary Pte. Ltd, Singapore

Complete details of the Intermediary and Ultimate Beneficiary:

Name of the entity	Registered Address	Government Identification Number	Relationship with the Company
Capillary Technologies International Pte. Ltd. (Funding Party)	50 Raffles Place, 19-00 Singapore Land Tower Singapore 048623	201203442K	Ultimate Holding Company
Capillary Pte. Ltd. (Intermediary)	68 Circular Road #02-01 Singapore 049422	202125294W	Subsidiary

(vii) The Parent Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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46 First time adoption of Ind AS

A. First-time adoption

These consolidated Ind AS financial statements, for the year ended March 31, 2022, are the first financial statements, the Group has prepared in accordance with Ind AS. For the periods upto March 31, 2021, the Company has prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ("Indian GAAP" or "previous GAAP").

Accordingly, the Group has prepared these consolidated financial statements which comply with Ind AS applicable for the year ended March 31, 2022, together with the comparative period data as at and for the year ended March 31, 2021, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 01, 2020, the Company's date of transition to Ind AS.

B. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the net carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its PPE and intangible assets at their Previous GAAP net carrying value.

Leases

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. Accordingly as per Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

Designation of previously recognised financial instrument

Financial assets and financial liabilities are classified at fair value through profit and loss based on facts and circumstances as at the date of transition to Ind AS. Financial asset and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 01, 2020 and not from the date of initial recognition.

Share - based payment transactions

Ind AS 101 permits a first time adopter to not apply Ind AS 102 share based payments to equity instruments that settled before date of transition to Ind AS. Accordingly, the Company has elected to measure only those employee stock options that have not been settled as on the date of transition to Ind AS i.e. April 01, 2020 and not from the date of initial recognition..

C. Mandatory Exemptions

The Group has adopted all relevant mandatory exemptions as set out in Ind AS 101, which are as below:

Estimates

The estimates as at April 01, 2020 and March 31, 2021 are consistent with those made for the same dates in accordance with Indian GAAP except impairment of financial assets based on expected credit loss model. The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2020, the date of transition to Ind AS and as of March 31, 2021.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

Derecognition of financial assets

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions appearing on or after the date of transition to Ind AS.

Impairment of financial assets

The Company has applied exemption related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 01, 2020.

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47 MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial period starting April 01, 2021.

48 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Consolidated Ind AS Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Group.

49 Absolute amounts less than ₹ 5,000 are appearing in the Consolidated Ind AS financial statements as "0.00" due to presentation in Million.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/ E300004

per Sandeep Karnani
Partner
Membership No: 061207
Place: Bengaluru, India
Date: September 13, 2022

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the Board of Directors of
Capillary Technologies India Private Limited
(formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu
Executive Director & CEO
DIN: 02214511
Place: Bengaluru, India
Date: September 13, 2022

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: September 13, 2022

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: September 13, 2022