Jain Jindal & Co.
(Chartered Accountant)

Plot No. 45, Arjun Marg
DLF Phase-1, Gurgaon-122002
Board: +91 124 4252720

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)

Report on the Audit of the Special Purpose Standalone Financial Statements of Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)

Opinion

We have audited the special purpose standalone financial statements of **Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)** (hereinafter referred to as "the Company"), which comprise the Special Purpose Standalone Balance Sheet as at March 31, 2025 and March 31, 2024 and the Special Purpose Standalone Statement of Profit and Loss (including other comprehensive income), and notes to the Special Purpose Standalone Financial Statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "notes to the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Standalone Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2.1 to the Special Purpose Standalone Financial Statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under Section 143(10) of the Act and the terms of reference vide our engagement letter dated 15 April 2025 to carry out work on such Special Purpose Standalone Financial Statements prepared in accordance with Note 2.1 to the Special Purpose Standalone Financial Statements. Our responsibilities under those SA's are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Standalone 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 Special Purpose Standalone 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of accounting and Restriction on Distribution and use

We draw attention to Note 2.1 to the Special Purpose Standalone Financial Statements, which describes the basis of accounting and the purpose of these Special Purpose Standalone Financial Statements. As a result, the Special Purpose Standalone Financial Statements and our report thereon are not intended for, and should not be used by, any other party or for any other purpose. Our report is restricted for management use and should not be relied upon by any third party or used as a substitute for general purpose financial statements prepared in accordance with a generally accepted financial reporting framework applicable in USA or elsewhere.

Our opinion is not modified in respect of the above matter.

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)
Independent Auditor's Report (continued)

Management's and Board of Directors' Responsibilities for the Special Purpose Standalone Financial Statements

The Company's Management and Board of Directors are responsible for preparation of Special Purpose Standalone Financial Statements in accordance with the basis of preparation as set in Note 2.1 to the Special Purpose Standalone Financial Statements. This includes the design, implementation and maintenance of internal control relevant to the preparation of Special Purpose Standalone Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Standalone Financial Statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Standalone 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 SA's 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 Special Purpose Standalone Financial Statements.

As part of an audit in accordance with SA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Standalone 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, but not for the purpose of expressing an opinion on whether the Company has adequate internal financial controls with reference to Special Purpose Standalone 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 the Management and Board of Directors.

Jain Jindal & Co.
(Chartered Accountant)

Plot No. 45, Arjun Marg
DLF Phase-1, Gurgaon-122002
Board: +91 124 4252720

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)
Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Special Purpose Standalone Financial Statements (continued)

- Conclude on the appropriateness of the Management and Board of Directors 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.

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.

For Jain Jindal & Co.
Chartered Accountants
Firm Registration Number: 025817N

Dheeraj Kumar Dangri
Partner
Membership No: 501687

UDIN: 25501687BMKNLA9180

Place: Bengaluru
Date: 05 June 2025

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)

Special Purpose Standalone Balance Sheet as at March 31, 2025 and March 31, 2024

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current assets			
(a) Property, plant and equipment	4	2.41	4.37
(b) Intangible assets	4A	-	-
(c) Right-of-use assets	4	27.16	-
(d) Financial assets			
(i) Other financial assets	5	1.32	0.71
(e) Deferred tax assets (net)	10	5.62	6.83
(f) Other non-current assets	9	846.38	-
Total non-current assets		**882.89**	**11.91**
Current assets			
(a) Financial assets			
(i) Investments	6	981.48	981.48
(ii) Trade receivables	7	251.09	1,121.23
(iii) Cash and cash equivalents	8	613.11	894.34
(iv) Other financial assets	5	347.50	53.94
(b) Other current assets	9	243.70	8.15
Total current assets		**2,436.88**	**3,059.14**
Total assets		**3,319.77**	**3,071.05**
Equity and liabilities			
Equity			
(a) Share capital	11	964.17	964.17
(b) Other equity	12	1,608.28	1,140.84
Total equity		**2,572.45**	**2,105.01**
Liabilities			
Non-current Liabilities			
(a) Financial liabilities			
(i) Borrowings	13	12.82	11.77
(ii) Lease liabilities	14	20.52	-
Total non-current Liabilities		**33.34**	**11.77**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	470.74	2.13
(ii) Lease liabilities	14	9.45	-
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	16	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	16	65.17	144.74
(iv) Other financial liabilities	15	10.19	21.47
(b) Other current liabilities	17	152.45	761.93
(c) Current tax liabilities	18	5.98	24.00
Total current liabilities		**713.98**	**954.27**
Total liabilities		**747.32**	**966.04**
Total equity and liabilities		**3,319.77**	**3,071.05**
Summary of material accounting policies	3		

The accompanying notes are an integral part of these Special Purpose Standalone Financial Statements
As per our report of even date

For Jain Jindal & Co,
Chartered Accountants
Firm registration number: 025817N

Dh
Partner
Membership No: 501687

Place: Bengaluru
Date: June 05, 2025

For and on behalf of the Board of Directors

Governor

Place: Minnesota, US
Date: June 05, 2025

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)

Special Purpose Standalone Statement of Profit and Loss for the years ended March 31, 2025 and March 31, 2024

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

	Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
	Income			
I	Revenue from operations	19	1,971.90	972.50
II	Other income	20	27.10	0.53
III	**Total income (I+II)**		**1,999.00**	**973.03**
IV	**Expenses**			
	Professional and consultancy expenses		754.99	131.06
	Software and server charges		92.18	62.81
	Employee benefit expense	21	621.41	518.40
	Other expenses	24	102.30	103.75
	Total expenses (IV)		**1,570.88**	**816.02**
V	**Earnings before interest expense, taxes, depreciation and amortisation**		**428.12**	**157.01**
VI	Finance costs	22	3.77	5.04
VII	Depreciation and amortisation expenses	23	7.39	9.13
			11.16	**14.17**
VIII	**Profit before exceptional items and tax from continuing operations (V-VI-VII)**		**416.96**	**142.84**
IX	**Profit before tax**		**416.96**	**142.84**
X	**Tax expenses/ (credit)**			
	(a) Current tax	25	(14.61)	1.61
	(b) Deferred tax credit	25	1.37	(6.79)
	Total tax credit		**(13.24)**	**(5.18)**
XI	**Profit for the year from continuing operations (IX - X)**		**430.20**	**148.02**
XII	**Profit before tax from discontinued operations**	35	0.93	105.85
XIII	**Tax expense of discontinued operations**	35	0.20	22.23
XIV	**Profit from discontinued operations after tax**		**0.73**	**83.62**
XV	**Profit for the year**		**430.93**	**231.64**
XVI	**Other comprehensive income**			
	Items that will be reclassified to profit or loss:			
	(i) Exchange differences on translating financial statements of foreign operations		33.48	(32.52)
	(ii) Income tax effect on above		-	-
	Items that will not to be reclassified to profit or loss:			
	(i) Re-measurement losses on defined benefit plan, net of tax		-	-
	(ii) Income tax effect on above		-	-
	Other comprehensive income for the year, net of tax		**33.48**	**(32.52)**
XVII	**Total comprehensive income for the year (XV+XVI)**		**464.41**	**199.12**
XVIII	**Earnings per equity share (EPS)**	26		
	EPS from continuing operations (face value - ₹ 2 each)			
	Basic (in ₹ per share)		177.43	61.05
	Diluted (in ₹ per share)		177.43	61.05
	EPS from discontinued operations (face value - ₹ 2 each)			
	Basic (in ₹ per share)		0.30	34.49
	Diluted (in ₹ per share)		0.30	34.49
	EPS from continuing and discontinued operations (face value - ₹ 2 each)			
	Basic (in ₹ per share)		177.73	95.53
	Diluted (in ₹ per share)		177.73	95.53
	Summary of material accounting policies	3		

The accompanying notes are an integral part of these Special Purpose Standalone Financial Statements
As per our report of even date

For Jain Jindal & Co,
Chartered Accountants
Firm registration number: 025817N

D
Partner
Membership No: 501687
Place: Bengaluru
Date: June 05, 2025

For and on behalf of the Board of Directors

Governor

Place: Minnesota, US
Date: June 05, 2025

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)
Special Purpose Standalone Statement of Cash Flows for the years ended March 31, 2025 and March 31, 2024
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Cash flow from operating activities		
Profi for the year from continuing operations before exceptional items and tax	416.96	142.84
Profit for the year from discontinued operations before tax	0.93	105.85
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	7.39	9.13
Loss allowances under expected credit loss model	0.23	2.12
Equity settled share based payments	5.13	(5.10)
Profit on sale of Investments	(26.02)	-
Property, plant and equipment written off	-	0.72
Interest income on bank deposits and security deposit	0.82	0.53
Finance costs	2.90	4.31
Operating profit before working capital changes	**408.34**	**260.40**
Working capital adjustments :		
Changes in trade receivables	869.91	(923.20)
Changes in other assets	(1,081.93)	41.79
Changes in other financial assets	(292.95)	(53.95)
Changes in trade payables	(79.57)	118.30
Changes in other financial liabilities	(11.28)	9.04
Changes in other liabilities	(609.48)	726.21
Cash (used in)/generated from operations	**(796.96)**	**178.59**
Direct taxes paid (net of refund)	(4.38)	(11.44)
Net cash (used in)/generated by operating activities (A)	**(801.34)**	**167.15**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and intangible assets under development	(1.71)	(3.72)
Sale of current investment, net	26.01	-
Investment in subsidiary	-	(981.48)
Interest income on bank deposits	(0.82)	0.53
Investment in bank deposits (net)	1.64	-
Net cash generated from/(used in) investing activities (B)	**25.12**	**(984.67)**
C. Cash flow from financing activities		
Proceeds from issue of share capital, (including security premium)	-	895.97
Repayment of short-term borrowings (net)	(50.51)	(82.06)
Proceeds from issue of warrants	-	927.73
Repayment of principal and interest portion of lease liabilities	(1.88)	(1.69)
Proceeds from short-term borrowings (net)	520.44	-
Finance costs paid	(1.91)	(4.40)
Net cash generated from financing activities (C)	**466.14**	**1,735.55**
Net increase in cash and cash equivalents (A+B+C)	**(310.08)**	**918.03**
Cash and cash equivalents at the beginning of the year	894.34	8.44
Effect of exchange differences on cash and cash equivalents held in foreign currency	28.85	(32.13)
Cash and cash equivalents at the end of the year	**613.11**	**894.34**
Components of cash and cash equivalents		
Balances with banks		
- On current accounts	**613.11**	**894.34**
Total cash and cash equivalents (refer note 8)	**613.11**	**894.34**

Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

	As at April 1, 2024	Cashflows	Non-cash movement	As at March 31, 2025
Non-current borrowings (including current maturities)	11.77	-	1.05	12.82
Current borrowings (excluding current maturities)	2.13	468.03	0.58	470.74

	As at April 1, 2023	Cashflows	Non-cash movement	As at March 31, 2024
Non-current borrowings (including current maturities)	12.33	-	(0.56)	11.77
Current borrowings (excluding current maturities)	83.63	(86.46)	4.96	2.13

Summary of material accounting policies 3
The accompanying notes are an integral part of these Special Purpose Standalone Financial Statements
As per our report of even date

For Jain Jindal & Co,
Chartered Accountants
Firm registration number: 025817N

Dhe
Partner
Membership No: 501687

Place: Bengaluru
Date: June 05, 2025

For and on behalf of the Board of Directors

Governor

Place: Minnesota, US
Date: June 05, 2025

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC)
Special Purpose Standalone Statement of Changes in Equity for the years ended March 31, 2025 and March 31, 2024
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

A. Equity share capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of shares (in millions)	Amount (in million)	Number of shares (in millions)	Amount (in million)
Equity shares outstanding at the beginning of the year	**2.42**	**964.17**	**2.42**	**68.20**
Issuance of share capital	-	-	-	895.97
Equity shares outstanding at the end of the year	**2.42**	**964.17**	**2.42**	**964.17**

B. Other equity

Particulars	Attributable to the equity shareholders - Other equity							
	Reserves and surplus					Other Comprehensive income	Equity share application money pending allotment	Total other equity
	Retained earnings	Capital contribution from Ultimate Holding Company	Securities premium	Share based payment reserve	Capital reserve	Foreign currency translation difference		
As at March 31, 2023	**(35.34)**	**-**	**-**	**22.67**	**-**	**31.76**	**656.54**	**675.63**
Profit for the year	231.64	-	-	-	-		-	231.64
Other comprehensive income for the year	-	-	-	-	-	(32.52)	-	(32.52)
Total comprehensive income for the year	**231.64**	**-**	**-**	**-**	**-**	**(32.52)**	**-**	**199.12**
Contributions and distributions							-	
Issuance of share capital	-	-	-	-	-	-	(656.54)	(656.54)
Warrants issued on behalf of the Group	-	927.73	-	-	-	-	-	927.73
Share based payment expenses	-	-	-	(5.10)	-	-	-	(5.10)
Total contributions and distributions	**-**	**927.73**	**-**	**(5.10)**	**-**	**-**	**-**	**266.09**
Balance as at March 31, 2024	**196.30**	**927.73**	**-**	**17.57**	**-**	**(0.76)**	**-**	**1,140.84**
Profit for the year	430.93	-	-	-	-	-	-	430.93
Other comprehensive income for the year (net of taxes)*	-	-	-	-	-	33.48	-	33.48
Total comprehensive income for the year	**430.93**	**-**	**-**	**-**	**-**	**33.48**	**-**	**464.41**
Contributions and distributions								
Share based payment expenses	-	-	-	3.03	-	-	-	3.03
Total contributions and distributions	**-**	**-**	**-**	**3.03**	**-**	**-**	**-**	**3.03**
Balance as at March 31, 2025	**627.23**	**927.73**	**-**	**20.60**	**-**	**32.72**	**-**	**1,608.28**

*As required under Division II - Ind AS Schedule III, the Group has recognised remeasurement gains/ (losses) of defined benefit plans as part of retained earnings.

Summary of material accounting policies 3

The accompanying notes are an integral part of these Special Purpose Standalone Financial Statements
As per our report of even date

For Jain Jindal & Co.
Chartered Accountants
Firm registration number: 025817N

Dhee
Partner
Membership No: 501687

Place: Bengaluru, India
Date: June 05, 2025

For and on behalf of the Board of Directors

Governor

Place: Minnesota, US
Date: June 05, 2025

1. Corporate Information

Capillary Technologies LLC (formerly known as Persuade Loyalty LLC) ('Capillary' or the 'Company') is a limited liability company registered in the State of Minnesota. The Company is engaged in software development services and provides digital, loyalty and analytical services. The Company primarily operates in the United States of America and derives its revenues from customers in a variety of industries. Capillary Pte. Ltd, Singapore ('Intermediate Holding Company') is the single member owner of the Company.

These Special Purpose Standalone Financial Statements were authorised for issue by the members on 05 June 2025.

2. Basis of preparation of Special Purpose Standalone Financial Statements

2.1 Basis of preparation

The Special Purpose Standalone Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015, as amended, notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provision of the Act.

These Special Purpose Standalone Financial Statements have been prepared by the Management of the Company in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, on material subsidiaries and for the proposed Initial Public Offering of Capillary Technologies India Limited (the Holding Company).

The Special Purpose Standalone Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS.

2.2 Statement of Compliance

The Special Purpose Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Ind AS prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Details of Company's accounting policies are included in note 3.

Measurement of Earnings before interest expense, tax, depreciation and amortisation (EBITDA)

As permitted by the Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013, the Company has elected to present Earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Special Purpose Standalone statement of profit and loss. In its measurement of EBITDA, the Company includes other income but does not include depreciation and amortization expense, finance costs and tax expenses/ (credit), net.

These Special Purpose Standalone Financial Statements are presented in ₹ and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

2.3 Functional and presentation currency

The functional currency of the Company is "USD". These Special Purpose Standalone Financial Statements are presented in Indian Rupees, which is the Holding Company's functional and presentation currency.

2.4 Use of estimates and judgements

The preparation of the Special Purpose Standalone Financial Statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as at the date of the Special Purpose Standalone Financial Statements and reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Special Purpose Standalone Financial Statements in the period in which

2.4 Use of estimates and judgements (continued)

changes are made and, if material, their effects are disclosed in the notes to the Special Purpose Standalone Financial Statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

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.

a. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Special Purpose Standalone Statement of Assets and Liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cashflows Model (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 31 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 29 for further disclosures.

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 31.

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 28 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 '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 27.

g. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.
Special Purpose Standalone Statement of Cash Flows presented includes cash flows from both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note 35.

2.5 Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities into current and non-current. Accordingly, current assets do not include elements which are not expected to be realised within 12 months and current liabilities do not include items where the Company does not have an unconditional right to defer settlement beyond a period of 12 months, the period of 12 months being reckoned from the reporting date.

The Company presents assets and liabilities in the Standalone 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.

2.5 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 Special Purpose Standalone 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

2.5 Fair value measurement (continued)

For assets and liabilities that are recognised in the Standalone 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
- Financial instruments (including those carried at amortised cost)

3. Material accounting policy information

This note provides a list of the material accounting policies adopted in the preparation of these Special Purpose Standalone Financial Statements.

3.1 Business combinations

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 Company 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 Company 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 Company 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 Company's) 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 Company 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.

3.1 Business combinations (continued)

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.

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 Company 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 Company 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 Company'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 it's 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 Company 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.

3.2 Revenue recognition

Revenue from operations is recognised when control of the promised services are transferred to the customer at a transaction price that reflects the consideration to which the Company expects to be entitled in exchange for those services.

To determine when to recognise revenue, the Company follows the following 5-step process:

- ► Identify the contract with a customer
- ► Identify the underlying performance obligation
- ► Determining the transaction price
- ►Allocating the transaction price to the performance obligation
- ► Recognising revenue when/ as performance obligation(s) are satisfied.

3.2 Revenue recognition (continued)

The transaction price of services rendered is net of variable consideration. The transaction price for a contract excludes any amounts collected on behalf of third parties. 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 services before transferring them to the customer.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the transaction price 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 Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Under Loyalty platform related SaaS revenues, the Company's SaaS arrangements which generally do not provide customers with the right to take possession of the software and are considered as subscription revenues. Access to this platform represents a series of distinct services as the Company continually provides access to, and fulfil the obligation over the subscription term.

Revenue is recognized over the period as and when services are rendered in accordance with the arrangement with the customers.

(ii) Professional services

Under Professional services, the Company derives revenue primarily from implementation services, data migration services and training, installation service. Professional services do not significantly modify or alter the nature of software or solution. These are majorly configuration, integration and data migration services which help customers use the product effectively and in an integrated manner with their other systems. Majority of the professional services revenues are from fixed fee arrangements. The obligation to provide professional services is generally satisfied over time, with the customer simultaneously receiving and consuming benefits as the Company satisfies its performance obligations. For Professional services, revenue is recognised by measuring progress towards the complete satisfaction of the Company's obligation. Progress for services that are contracted for a fixed price is generally measured based on hours incurred as a portion of the total estimated hours. Where the arrangement is on a time and material basis, revenues are recognised based on the contractually agreed upon rates and the time spent. Invoicing for professional services is generally based on achievement of milestones.

Revenue from arrangements involving subcontracting, either in part or whole of the assigned work are recognized after the Company's assessment of 'Principal vs. agent considerations'. The Company evaluates whether it is in control of the services before the same is being transferred to the customer to assess whether it is principal or agent in the arrangement.

(iii) Contracts with multiple performance obligations
Some of the Company's contracts with customers contain multiple performance obligations. A performance obligation is considered distinct if it is (i) separately identifiable from each of the other promises; (ii) capable of being distinct and having a standalone value. A description of each of the performance obligations and identification criteria is explained in the nature of products and services section above.

When two or more contracts are entered into at or near the same time with the same customer, the Company evaluates the facts and circumstances associated with the negotiation of those contracts. Where the contracts are negotiated as a package, the Company will account for them as a single arrangement and allocates the consideration for the combined contracts among the performance obligations accordingly.

3.2 Revenue recognition (continued)

Other income

(i) 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 Standalone Statement of Profit and Loss.

(ii) 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.

(iii) Service income

Capillary Technologies India Limited ("Holding Company") is the owner of the Capillary Loyalty Platform and has appointed the Company as the Limited Risk Distributor to sell, use and offer to sell, display and market the Platform in the United States territory. The Holding Company has agreed to maintain an agreed upon profitability in the Company for the revenues derived from the Capillary Loyalty Platform.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring 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).

Deferred contract costs

Deferred contract costs are incremental costs that are associated with acquiring customer contracts and consists primarily of sales commissions to employees and certain referral fees paid to third-party resellers. 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 services to which the contract costs relate 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.

3.2 Revenue recognition (continued)

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 services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related services to the customer).

3.3. Taxes on income

Current income tax

Tax expense comprises current and deferred tax during the year. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Special Purpose Standalone 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 Special Purpose Standalone 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. Un-recognised 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.

3.4. Property, plant and equipment

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 measured reliably. The carrying amount of any component accounted for as a separate asset 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 method the estimated useful lives of the assets as follows which is as per Schedule II of Companies Act, 2013

Sl. No.	Block	Useful lives estimated by the management (in years)
1	Computers	3

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

Based on internal assessment, 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.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 Special Purpose Standalone Statement of Profit and Loss when the asset is derecognised.

3.5. 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

3.5. Leases (continued)

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.

3.6 Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its property plant and equipment 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 (CGU) (a Company 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 Company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Company's of assets.

3.6 Impairment of non-financial assets (continued)

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 Special Purpose Standalone 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 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 Special Purpose Standalone 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 Special Purpose Standalone Statement of Profit and Loss

3.7 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 Special Purpose Standalone 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. The Company does not recognize a contingent liability but discloses its existence in the Special Purpose Standalone Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

In respect of financial guarantees provided by the Company to third parties, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

3.8 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 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 Special Purpose Standalone 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.

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 Special Purpose Standalone 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 Special Purpose Standalone Statement of Profit and Loss.

The Company recognises impairment loss on trade receivables using life time 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

3.8 Financial instruments (continued)

(i) Financial assets (continued)

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.

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 Standalone 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 Special Purpose Standalone 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 Special Purpose Standalone 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 Special Purpose Standalone Statement of Assets and Liabilities 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.

3.9 Cash and cash equivalents

Cash and cash equivalent in the Special Purpose Standalone Statement of Assets and Liabilities 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.

3.10 Share-based payments

Certain employees of the Company are entitled to share-based payments, whereby employees render services as consideration for equity instruments of the holding 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 an appropriate Black-Scholes valuation model.

That cost is recognised, together with a corresponding increase in capital contribution from the parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. 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 Special Purpose Standalone statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year 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 Company 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.

3.11 Foreign currency translation

The Company's Special Purpose Standalone Financial Statements are presented in ₹, which is also the Holding Company's functional currency. For each entity the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company 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 Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company 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.

3.11 Foreign currency translation (continued)

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 Financial Statements when the foreign operation is a 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 Company'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).

Translations

On consolidation, the assets and liabilities of foreign operations are translated into ₹ 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 Company 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 Special Purpose Standalone 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.

3.12 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 Holding Company 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 Holding Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

3.13 Discontinued operations

A discontinued operation is a component of the Company, the operations and cash flow of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

3.13 Discontinued operations (continued)

Classification as a discontinued operations occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative periods.

3.14 Exceptional items

Exceptional items refer to items of income or expense within the Special Purpose Standalone Statement of Profit and Loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

3.15 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. As at 31 March 2025, MCA has not notified any new standards or amendments to the existing standards which are applicable to the Company.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

4 Property, plant and equipment and Right of use assets

A. Reconciliation of carrying amount

Particulars	Right of use assets	Property, Plant and Equipment	
	Buildings	Computers	Total
Balance as at April 01, 2023	**1.65**	**20.67**	**20.67**
Additions during the year	-	3.72	3.72
Disposals during the year	-	(9.00)	(9.00)
Balance as at March 31, 2024	**1.65**	**15.39**	**15.39**
Additions during the year	31.16	1.32	1.32
Disposals during the year	-	-	-
Translation adjustments during the year	-	0.36	0.36
Balance as at March 31, 2025	**32.81**	**17.07**	**17.07**
Accumulated depreciation			
Balance as at April 01, 2023	**-**	**14.37**	**14.37**
Charge for the year	1.67	4.89	4.89
Disposals for the year	-	(8.28)	(8.28)
Translation adjustments during the year	(0.02)	0.04	0.04
Balance as at March 31, 2024	**1.65**	**11.02**	**11.02**
Charge for the year	3.96	3.43	3.43
Disposals for the year	-	-	-
Translation adjustments during the year	0.04	0.21	0.21
Balance as at March 31, 2025	**5.65**	**14.66**	**14.66**
Carrying amounts			
As at March 31, 2024	**-**	**4.37**	**4.37**
As at March 31, 2025	**27.16**	**2.41**	**2.41**

4A Intangible assets

A. Reconciliation of carrying amount

Particulars	Computer software	Total
Balance as at April 01, 2023	**9.49**	**9.49**
Additions during the year	-	-
Disposals during the year	-	-
Balance as at March 31, 2024	**9.49**	**9.49**
Additions during the year	-	-
Disposals during the year	-	-
Translation adjustments during the year	-	-
Balance as at March 31, 2025	**9.49**	**9.49**
Accumulated depreciation		
Balance as at April 01, 2023	**6.94**	**6.94**
Charge for the year	2.57	**2.57**
Disposals for the year	-	**-**
Translation adjustments during the year	(0.02)	**(0.02)**
Balance as at March 31, 2024	**9.49**	**9.49**
Charge for the year	-	-
Disposals for the year	-	-
Translation adjustments during the year	-	-
Balance as at March 31, 2025	**9.49**	**9.49**
Carrying amounts		
As at March 31, 2024	**-**	**-**
As at March 31, 2025	**-**	**-**

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
5 Financial assets		
Unsecured considered good unless otherwise stated		
Non-current		
At amortised cost		
Security deposits	1.32	0.71
Total	**1.32**	**0.71**
Current		
At amortised cost		
Other receivables from related parties (refer note 30)[1]	347.50	53.94
	347.50	**53.94**
	348.82	**54.65**

[1]Other receivables from related parties are non-interest bearing.

	As at March 31, 2025		As at March 31, 2024	
6 Investments				
Unquoted, carried at cost less provision for other than temporary impairment				
Investment in equity instruments of subsidiary;	**No. of units**	**Value**	**No. of units**	**Value**
Investment in Capillary Brierley Inc	-	0.80	-	0.80
Investment in Capillary Technologies Inc	-	980.68	-	980.68
	-	**981.48**	**-**	**981.48**
Aggregate book value of unquoted investments		**981.48**		981.48
Aggregate amount of impairment in value of investments		-		-
Investment carried at cost		981.48		981.48

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

7 **Trade receivables**	**As at March 31, 2025**	**As at March 31, 2024**
At amortized cost		
Trade receivables - considered good - Unsecured[1,2,3,4]	251.09	1,121.23
Trade receivables - credit impaired - Unsecured (refer note 7.1)[1,2,3,4]	0.23	-
	251.32	**1,121.23**
Impairment allowance (allowance for bad and doubtful debts)		
Less: Loss Allowances	(0.23)	-
Total trade receivables	**251.09**	**1,121.23**
-Others[1,2,3,4]	251.09	1,121.23
Total trade receivables	**251.09**	**1,121.23**

[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 30.

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

3Trade receivables includes unbilled revenue amounting to ₹ 7.16 million (March 31, 2024 - ₹ 102.66 million). Refer 7.2 below

[4]There are no disputed trade receivables as on March 31, 2025 and March 31, 2024.

7.1 Expected credit loss allowance

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

	As at March 31, 2025	**As at March 31, 2024**
At the beginning of the year	-	-
Provision made during the year	0.23	-
Utilised during the year	-	-
Translation adjustment	-	-
At the end of the year	**0.23**	-

7.2 Trade receivables ageing schedule

As at March 31, 2025

	Outstanding for following periods from due date of payment							
	Unbilled*	**Current but not due**	**Less than 6 months**	**6 months - 1 year**	**1 -2 years**	**2 - 3 years**	**More than 3 years**	**Total**
Undisputed trade receivables								
- considered good	7.16	-	241.89	2.04	-	-	-	251.09
- credit impaired	-	-	-	-	-	-	0.23	0.23
Total	**7.16**	**-**	**241.89**	**2.04**	**-**	**-**	0.23	**251.32**

As at March 31, 2024

	Outstanding for following periods from due date of payment							
	Unbilled*	**Current but not due**	**Less than 6 months**	**6 months - 1 year**	**1 -2 years**	**2 - 3 years**	**More than 3 years**	**Total**
Undisputed trade receivables								
- considered good	102.66	-	1,018.28	-	-	0.29	-	1,121.23
- credit impaired		-	-	-	-	-	-	-
Total	**102.66**	**-**	**1,018.28**	**-**	**-**	**0.29**	**-**	**1,121.23**

* Unbilled revenue consists of contract assets, that primarily relate to the Company'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.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

8 Cash and cash equivalents	As at March 31, 2025	As at March 31, 2024
Cash in hand	-	-
-Balance with banks	613.11	894.34
Total	**613.11**	**894.34**

9 Other assets	As at March 31, 2025	As at March 31, 2024
At amortized cost		
Non-current		
Others (Unsecured, considered good)		
Deferred contract costs[1]		
-considered good	4.34	-
-considered doubtful	-	-
Prepaid expenses	4.34	-
Advance towards acquisition of a subsidiary[2]	87.22	-
Contractual customer asset[3]	750.48	-
Total	**846.38**	**-**
Current		
Unsecured, considered good		
Advances other than capital advances		
-considered good	133.02	3.25
-considered doubtful	-	-
Deferred contract costs[1]		
-considered good	2.17	-
-considered doubtful	-	-
Prepaid expenses	2.17	4.90
Contractual customer asset[3]	106.34	-
Total	**243.70**	**8.15**

[1]Deferred contract costs represent commission costs paid to sales team and set out below is the movement in the capitalised contract costs.
[2]During the year, the Company has paid an amount of ₹ 87.22 million as security deposit for bid submission towards proposed acquisition of Entity/Assets of a conglomerate.
[3]Contractual customer asset includes cost incurred to obtain a customer contract.

9.1 Deferred contract costs	As at March 31, 2025	As at March 31, 2024
At the beginning of the year	-	-
Additions during the year	8.68	-
Amortised during the year	(2.17)	-
At the end of the year	**6.51**	**-**
The same is shown under:		
Current	4.34	-
Non-current	2.17	-

10 Deferred tax assets	As at March 31, 2025	As at March 31, 2024
Opening balance	**6.83**	**-**
Disallowance of share based payment	2.30	6.79
Reversal of opening share based payment	(3.67)	-
Translation adjustment	0.16	0.04
Closing balance	**5.62**	**6.83**

(This space has been intentionally left blank)

11 Equity share capital

	As at March 31, 2025		As at March 31, 2024	
	Number of shares (in millions)	Amount (₹)	Number of shares (in millions)	Amount (₹)
Authorized				
24,24,694 equity shares (March 31, 2024: 24,24,694 equity shares)	2.42	964.17	2.42	964.17
Total	**2.42**	**964.17**	**2.42**	**964.17**
Issued, subscribed and fully paid-up shares				
24,24,694 equity shares (March 31, 2024: 24,24,694 equity shares)	2.42	964.17	2.42	964.17
Total	**2.42**	**964.17**	**2.42**	**964.17**

(a) Issued share capital

(i) Reconciliation of the number of shares outstanding as at beginning and at the end of the reporting period

	As at March 31, 2025		As at March 31, 2024	
	Number of shares (in millions)	Amount (₹)	Number of shares (in millions)	Amount (₹)
Equity shares outstanding as at the beginning of the year	**2.42**	**964.17**	**2.42**	**68.20**
Issuance of share capital	-	-	-	895.97
Equity shares outstanding as at the end of the year	**2.42**	**964.17**	**2.42**	**964.17**

(ii) Shares held by the Holding Company

	As at March 31, 2025		As at March 31, 2024	
	No. of shares held (in millions)	Amount	No. of shares held (in millions)	Amount
Capillary Pte Ltd, Singapore, the Holding Company	2.42	964.17	2.42	964.17

(iii) Details of share held by each shareholder more than 5% shares in the company

	As at March 31, 2025		As at March 31, 2024	
	No. of shares held (in millions)	% holding in the class	No. of shares held (in millions)	% holding in the class
Capillary Pte Ltd, Singapore, the Holding Company	2.42	100.00%	2.42	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.

(iv) Disclosure of shareholding of promoters

Promoter name	No. of shares at the beginning of the period (in millions)	Change during the period	No. of shares at the end of the period (in millions)	% of total shares	% change during the period
Capillary Pte Ltd, Singapore, the Holding Company					
March 31, 2025	2.42	-	2.42	100.00%	0.00%
March 31, 2024	2.42	-	2.42	100.00%	0.00%

(v) Rights, preference and restrictions attached to equity shares

The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share.

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.

(vi) 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:

	As at March 31, 2025	As at March 31, 2024
Equity shares allotted for conversion of external commercial borrowing (Number of shares, in millions)	-	-

(vii) Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the Company, refer note 27.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

12 Other equity	As at March 31, 2025	As at March 31, 2024
Retained earnings		
Opening balance	**196.30**	**(35.34)**
Profit for the year	430.93	231.64
	627.23	**196.30**
Capital contribution from the Ultimate Holding Company		
Opening Balance	927.73	-
Warrant issued on behalf of the Company	-	927.73
	927.73	**927.73**
Share based payment reserve		
Opening balance	17.57	22.67
Share based payment	3.03	(5.10)
	20.60	**17.57**
Capital reserve	-	-
Foreign Currency Translation Reserve (FCTR)		
Opening balance	**(0.76)**	**31.76**
Movement during the year	33.48	(32.52)
	32.72	**(0.76)**
Equity share application money pending allotment		
Opening balance		**656.54**
Issuance of share capital		(656.54)
	-	-
Total other equity	**1,608.28**	**1,140.84**

Nature and purpose of reserves

12.1 Retained earnings

Retained earnings are the losses that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to the shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders.

12.2 Capital contribution from the Ultimate Holding Company

The Ultimate 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 the Ultimate Holding Company 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 Ultimate Holding Company.

12.3 Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium as per the provision of Companies Act, 2013. This reserve is utilised in accordance with the provisions of the Act.

12.4 Share based payment reserve

The Share based payment reserve is used to recognize the grant date fair value of options issued to employees of the Company under Employee Stock Option Plan.

12.5 Capital reserve

Capital reserve is on account of common control transaction as per Appendix C of Ind AS 103.

12.6 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.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

13 Borrowings	As at March 31, 2025		As at March 31, 2024	
At amortized cost	**Non-current**	**Current**	**Non-current**	**Current**
Term loans from Body Corporate				
US Dollar term loan from Body Corporate - SBA (secured)[2]	12.82	0.72	11.77	2.13
Loans repayable on demand				
US Dollar loan from banks (secured)[3a, 3b]	-	470.02	-	-
Total	**12.82**	**470.74**	**11.77**	**2.13**

Interest and security notes to Borrowings:

[2]US Dollar term loan from Body Corporate - SBA in relation to the Company of ₹ 13.54 is outstanding as at March 31, 2025 (March 31, 2024: ₹ 13.90) which carries interest of 3.75% per annum and is payable on a monthly basis, beginning 12 months from the date of promissory note. Further, the start of repayment of loan has been deferred to December 1, 2022 vide Small Bank Administration (SBA) release number: 22-19 | March 15, 2022. These loans are secured by hypothecation of property that the Company 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 Company 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.

[3a] A Company had taken credit facility from Bank of America for general business purposes vide a Master Credit Agreement dated April 27, 2022 for INR 82.25 million at an interest rate of Bloomberg Short-term Bank Yield Index Rate ("BSBY") Daily Floating Rate plus 2.15 percentage points, which is payable monthly. During the year, the Company entered into an amended agreement dated November 27, 2024, wherein the sanctioned credit limit was enhanced to INR 341.83 million and interest rate term amended to Secured Overnight Financing Rate (SOFR) Daily Floating Rate plus 2.13 percentage points. As on March 31, 2025, the entire credit limit of INR 341.83 million was utilised. The credit facility was secured against the Company's accounts; chattel paper; deposit accounts; Documents; general intangibles; goods, including equipment; instruments; inventory; investment property; letters of credit and letter-of-credit rights; money and other assets of such subsidiary that now or later come into the possession, custody, or control of the Bank; all negotiable and non-negotiable documents of title covering any of the foregoing; all accessions, attachments and other additions to, or substitutions and replacements for, the foregoing, and all tools, parts and equipment used in connection with the foregoing; all books and records relating to the foregoing whether in the form of a writing, photograph, microfilm or electronic media, including but not limited to any computer-readable memory and any computer software necessary to process such memory; and all proceeds (as such term is defined in the Uniform Commercial Code), all cash or non-cash proceeds (including insurance proceeds), products, rents and profits of the foregoing, and all income, benefits and property receivable on account of the foregoing, and all supporting obligations covering any of the foregoing.

[3b] A Company had taken a revolving demand note facility from HSBC Bank, USA, National Association dated March 28, 2025 for INR 256.38 million at an interest rate of SOFR plus 190 basis points per annum. The Company grants to Bank a continuing lien on and security interest in any and all deposits and any cash, securities, instruments or other property of the Company in the possession of Bank. As at March 31, 2025, the Company has an outstanding of INR 128.19 million (March 31, 2024: Nil).

[4]The Company has not been declared willful defaulter by any bank or financial institution or government or government authority.

14 Lease liabilities	As at March 31, 2025		As at March 31, 2024	
At amortized cost	**Non-current**	**Current**	**Non-current**	**Current**
Lease liabilities[1]	20.52	9.45	-	-
Total	**20.52**	**9.45**	**-**	**-**

[1]For changes in liabilities arising from financing activities and maturity analysis , refer note 31.

15 Other financial liabilities	As at March 31, 2025		As at March 31, 2024	
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Accrued salaries and benefits	-	10.19	-	21.47
Total	**-**	**10.19**	**-**	**21.47**

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

16 Trade payables	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Total outstanding dues of micro and small enterprises[1,2]	-	-
Total outstanding dues of creditors other than micro and small enterprises[1]		
-Others	49.70	32.30
-Dues to related parties (refer note 30)	15.47	112.44
	65.17	**144.74**

Notes:-

1. Trade payables are non-interest bearing and are normally settled on terms upto 90 days, refer note 30.

2. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2025 and March 31, 2024 has been made in the consolidated financial statements based on information received and available with the Parent Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

16.1 Disclosure as per the MSMED Act, 2006	As at March 31, 2025	As at March 31, 2024
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the period:		
- Principal amount due to micro and small enterprises	-	-
- 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 the period	-	-
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	-	-

Trade payables ageing schedule:
As at March 31, 2025

	Not due	Outstanding for following periods from the date of the transaction				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed						
-Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	-	65.17	-	-	-	65.17
	-	**65.17**	**-**	**-**	**-**	**65.17**

As at March 31, 2024

	Not due	Outstanding as on March 31, 2024 for following periods from date of transaction				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed						
-Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	-	144.74	-	-	-	144.74
	-	**144.74**	**-**	**-**	**-**	**144.74**

17 Other current liabilities	As at March 31, 2025	As at March 31, 2024
Contract liabilities - Deferred revenue	146.27	756.17
Statutory dues payable	5.58	5.76
Advance from customers	0.60	-
Total	**152.45**	**761.93**

18 Current tax liabilities		
Provision for taxation	5.98	24.00
	5.98	**24.00**

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

		For the year ended March 31, 2025	For the year ended March 31, 2024
19	**Revenue from operations**		
	Sale of services		
	Retainership and other services	1,357.57	889.06
	Installation income	614.33	83.44
	Total	**1,971.90**	**972.50**
19.1	**Disaggregated revenue information**		
	Set out below is the disaggregated of the company's revenue from contracts with customer based on geography:		
	United States of America	1,950.48	953.36
	Others	21.42	19.14
	Total	**1,971.90**	**972.50**
19.2	**Timing of revenue recognition**		
	Services transferred over time	1,971.90	972.50
	Services transferred at a point in time	-	-
		1,971.90	**972.50**
19.3	**Contract balances**		
	Trade receivables (including unbilled revenue) (refer Note 7)	251.09	1,121.23
	Deferred revenue (refer Note 17)	146.27	756.17
	Advance from customers (refer Note 17)	0.60	-
	(a): Movement in Contract liabilities - Deferred revenue		
	Opening balance	756.17	751.31
	Add: Revenue to be recognised from performance obligations to be satisfied in succeeding year	146.27	756.17
	Less: Revenue recognised that was included in contract liability at the beginning of the year	(756.17)	(751.31)
	Closing balance	**146.27**	**756.17**

		For the year ended March 31, 2025	For the year ended March 31, 2024
20	**Other income**		
	Interest income under effective interest rate method		
	-Interest income on bank deposits	0.78	0.53
	-Interest income on security deposits	0.04	-
	-Profit on sale of investments	26.02	-
	-Other miscellaneous income	0.26	-
	Total	**27.10**	**0.53**

		For the year ended March 31, 2025	For the year ended March 31, 2024
21	**Employee benefit expenses**		
	Salaries, wages and bonus	534.26	429.12
	Contribution to provident and other funds	75.78	43.65
	Share based payments	5.13	6.21
	Staff welfare and training and recruitment expenses	6.24	39.42
	Total	**621.41**	**518.40**

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

22 Finance costs

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on borrowings	1.82	4.31
Interest on lease liabilities	1.08	-
Bank charges	0.87	0.73
Total	**3.77**	**5.04**

23 Depreciation and amortisation expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of property, plant and equipment	3.44	4.89
Amortisation of intangible assets	-	2.57
Depreciation of right-of-use assets	3.95	1.67
Total	**7.39**	**9.13**

24 Other expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
Travelling and conveyance	16.91	17.94
Business promotion expenses	70.43	73.32
Loss allowances under expected credit loss model (refer note 8)	0.23	2.12
Property, plant and equipment written off	-	0.72
Rent	5.87	5.42
Rates and taxes	0.07	0.19
Auditor's remuneration (refer note 24.1)	1.58	1.70
Loss on account of foreign exchange fluctuations (net)	0.01	-
Insurance expenses	5.18	-
Miscellaneous expenses	2.02	2.34
Total	**102.30**	**103.75**

24.1 Auditor's remuneration (exclusive of goods and services tax)

As auditor:		
Statutory audit	1.58	1.70
	1.58	**1.70**

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

25 Income tax

The major components of income tax expense for the year ended March 31, 2025 and March 31, 2024 are

	For the year ended March 31, 2025	For the year ended March 31, 2024
Income tax expenses in the Standalone Statement of Profit and Loss consist of the following:		
(a) Current tax for continuing operations	(14.61)	1.61
(b) Deferred tax expense/ (credit)*	1.37	(6.79)
(c) Current tax expense on discontinued operations	0.20	22.23
	(13.04)	**17.05**

The Company has estimated tax liability and deferred tax expense/(credit) based on the estimated effective tax rate applicable the Company, which files a consolidated tax return for the USA group entities.

25.1 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

	As at March 31,2025	As at March 31,2024
Profit before tax from continuing operations	416.96	142.84
Profit before tax from discontinued operations	0.93	105.85
Tax at the US tax rate of 21% (March 31, 2024: 21%)	87.76	52.22
Effect of:		
Tax effect on business losses and unabsorbed depreciation on which deferred tax has not been accounted	(87.76)	(52.22)
Provision for tax of the entity	(14.41)	23.84
Tax effect on account of disallowances of equity settled share based payments	1.37	(6.79)
Total tax expenses reported in Special Purpose Standalone Statement of Profit and Loss (continuing and discontinued operations)	**(13.04)**	**17.05**

25.2 Deferred tax

Deferred tax assets have been recognised only to the extent of existing deferred tax liabilities, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

25.3 Recognised deferred tax assets and (liabilities)
Movement in temporary differences

	Opening as at April 01, 2024	Recognized in PL	Recognized in OCI	Closing as at March 31, 2025
Deferred tax asset on equity settled share based payment	6.83	(1.37)	0.16	5.62
Net deferred tax assets	**6.83**	**(1.37)**	**0.16**	**5.62**

(This space has been intentionally left blank)

26 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the year. 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.
Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Face value of equity shares (₹ per share)	2.00	2.00
(i) EPS from continuing operations		
Profit attributable to equity shareholders of the Company for basic/ diluted EPS for continuing operations (₹ in million) (a)	430.20	148.02
Weighted average number of equity shares used for computing EPS (basic) from continuing operations (in millions) (b)	2.42	2.42
EPS- Basic (₹) (c=a/b)	**177.43**	**61.05**
EPS- Diluted (₹) (c=a/b)	**177.43**	**61.05**
(ii) EPS from Discontinued operations		
Profit attributable to equity shareholders of the Company for basic/ diluted EPS for discontinued operations (₹ in million) (a)	0.73	83.62
Weighted average number of equity shares used for computing EPS (basic) from discontinued operations (in millions) (b)	2.42	2.42
EPS- Basic (₹) (d=a/b)	**0.30**	**34.49**
EPS- Diluted (₹) (e=a/b)	**0.30**	**34.49**
(iii) EPS from continuing and Discontinued operations		
Profit attributable to equity shareholders of the Company for basic/ diluted EPS for continuing and discontinued operations (₹ in million) (a)	430.93	231.64
Weighted average number of equity shares used for computing EPS (basic) from continuing and discontinued operations (in millions) (b)	2.42	2.42
EPS- Basic (₹) (c=a/b)	**177.73**	**95.53**
EPS- Diluted (₹) (d=a/b)	**177.73**	**95.53**

27 Equity settled share based payments

Description of the share based payment arrangements
The Company has Capillary Employee Stock Option Scheme – 2021 ("CESP") plan. The share-based payment arrangements of the Company is as below:

A Capillary Employee Stock Option Scheme - 2021 ('CESP')
The shareholders of Holding Company have approved the 'Capillary Employees Stock Option Scheme' - 2021 (CESP). The plan provides for the issue of options to eligible employees and eligible directors of the Capillary Company. Capillary Company shall mean the Holding 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 Holding 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 Holding 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.

Measurement of fair values
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, 2025:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Dividend yield (%)	0%	0%
Expected volatility (%)	61.90%	62.40%
Risk-free interest rate (% p.a.)	6.60%	7.12%
Expected life of option (years)	5.5	5.5
Weighted average share price as per Pre discount for lack of marketability ("DLOM")	₹ 526.70	₹ 307.80
Weighted average share price as per Post discount for lack of marketability ("DLOM")	₹ 509.51	₹ 297.25

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.

Movements during the year
The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, CESP plan during the year:

	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Number of options (in millions)	WAEP	Number of options (in millions)	WAEP
Options outstanding at the beginning of the year	0.05	1.00	0.06	2.00
Granted during the year	0.09	2.00	0.10	2.00
Forfeited / lapsed during the year	(0.07)	(0.50)	(0.11)	(2.00)
Surrender/Repurchase during the year	(0.01)	(1.76)	-	-
Options outstanding at the end of the year	**0.06**	**8.33**	**0.05**	**1.00**
Exercisable at year end	**0.04**		**-**	

The weighted average remaining contractual life of vested option as at March 31, 2025 is 8.01 years (March 31, 2024 - Nil years) and 9.01 years (March 31, 2024 - 9.00 years) for unvested options.

B Employee stock option expenses
The expense recognised for employee services received during the year is shown in the following table :

	For the year ended March 31, 2025	For the year ended March 31, 2024
Arising from equity settled share based payment transaction of CESP recognised in Employee benefit expenses. (refer note 21)	5.13	6.21

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

28 Leases

Company as a lessee

Effective April 01, 2021, the Company adopted Ind AS 116 'Leases' using the optional transition method under which financial results reported in prior periods were not adjusted.

The Company elected the following practical expedients permitted under the New Lease Standard:
- The Company used a single discount rate to discount remaining lease payments using applicable borrowing rate for measuring the lease liability at commencement date.
- The Company did not reassess prior conclusions about lease identification, lease classification or initial direct costs, and did not use hindsight for leases existing at adoption date. Consequently, the adoption did not result in prior period adjustments, nor did it have an impact on the statements of income and cash flows.
- The Company recorded leases with an initial term of 12 months or less as expenditure and did not record on the balance sheets.

The Company records leases on the balance sheets as operating lease ROU assets, records the current portion of operating lease liabilities within other current liabilities and separately records long-term operating lease liabilities within other liabilities.

The Company have entered into operating lease agreements for facilities for a period of 39 months effective August 01, 2024. As at March 31, 2025, total operating lease ROU assets and liabilities are as follows:

(a) The right of use assets comprise of buildings taken on lease. The effective interest rate for lease liabilities is 9.5% as on March 31, 2025 (March 31, 2024: 9.5%)

	As at March 31,2025	As at March 31,2024
(b) Carrying value of right-of-use assets at the end of the reporting period (refer note 4)	27.16	0.00
(c) Analysis of lease liabilities		
Opening lease liabilities	**-**	1.69
Addition during the year	30.77	-
Accretion of interest during the year	1.08	-
Cash outflow towards payment of lease liabilities during the year	(1.88)	(1.69)
Modification of lease liabilities during the year	-	-
Translation adjustments if any	-	-
Closing lease liabilities	**29.97**	**-**

The table below summarises the maturity profile of the Company's lease liabilities based on contractual undiscounted payments:

	As at March 31,2025	As at March 31,2024
Less than One year	9.45	-
More than One less than Five years	20.52	-

	For the year ended March 31, 2025	For the year ended March 31, 2024
(d) Impact of standalone statement of profit and loss		
Depreciation on right-of-use assets	3.95	1.67
Interest expense on lease liabilities	1.08	-
Expenses relating to short-term leases (included in other expenses)	5.87	5.42
	10.90	**7.09**
(e) Amounts recognised in the Cash Flow Statement		
Total outflow for leases - principal	0.80	1.69
Total outflow for leases - interest	1.08	-
	1.88	**1.69**

29 Contingent liabilities

Contingencies:

'The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business other than disclosed above. There are no such pending matters that are expected to have material effect on these standalone financial statements.

Commitments:

As at March 31, 2025, future minimum payments under non-cancellable leases are as follows for the year ended:

	As at March 31,2025	As at March 31,2024
Future minimum lease payments	29.97	-

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

30 Related party disclosures

a) Names of the related parties and description of relationship

Nature of relationship	Name of the party
Ultimate Holding Company	Capillary Technologies International Pte. Ltd., Singapore
Holding Company	Capillary Technologies India Limited, India
Intermediate Holding Company	Capillary Pte. Ltd, Singapore
Fellow subsidiaries	Capillary Technologies, DMCC Capillary Technology Europe Limited
Wholly owned subsidiaries	Capillary Brierley Inc.
	Capillary Technologies Inc.
Key managerial personnel and their relatives	Mr. Sridhar Bollam Mr. William Jansen

b) Summary of transactions and outstanding balances with above related parties are as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1) Transactions during the year		
a) Expenditure incurred on behalf of the Company by		
Capillary Pte Ltd., Singapore	28.05	12.18
Capillary Technologies India Limited	193.78	98.89
Capillary Technologies, DMCC	7.52	1.46
Capillary Brierley Inc.	34.76	16.20
b) Expenditure incurred by the Company on behalf of		
Capillary Pte Ltd., Singapore	43.38	203.10
Capillary Technologies India Limited	211.22	2.81
Capillary Brierley Inc.	18.14	-
Capillary Technologies Inc.	36.44	31.10
Capillary Technology Europe Limited	0.57	1.39
Capillary Technologies, DMCC	2.38	-
c) Service Income from Subsidiary		
Capillary Brierley Inc.	61.94	-
d) Professional and consultancy services		
Capillary Pte Ltd., Singapore	619.12	74.54
e) Capital contribution from parent company		
Capillary Technologies India Limited	2.72	0.28
f) Capital contribution from Ultimate Holding Company		
Capillary Technologies International Pte. Ltd.	-	927.73
g) Investment made in Subsidiary Company		
Investment in Capillary Brierley Inc.	-	980.68
Investment in Capillary Technologies Inc.	-	0.80
h) Remuneration to key managerial personnel and their relatives (including employee stock option expenses)*		
Mr. William Jansen	22.66	19.90
2) Outstanding balances as at year end:		
a) Other receivables from related parties		
Capillary Pte Ltd., Singapore	192.73	-
Capillary Brierley Inc.	86.29	21.22
Capillary Technologies Inc.	-	31.31
Capillary Technology Europe Limited	-	1.41
Capillary Technologies India Limited	68.49	-
b) Payables to related parties		
Capillary Technologies India Limited	-	80.06
Capillary Pte. Ltd, Singapore	-	30.91
Capillary Technologies DMCC, UAE	0.34	1.47
Capillary Technologies Inc, USA	15.14	-

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

31 Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on Standalone Balance Sheet items that contain financial instruments.
The details of material 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 3.

(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 financial instruments which are measured at fair value through other comprehensive income as at March 31, 2025 and March 31, 2024

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2025 and March 31, 2024:

As at March 31,2025	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Financial assets				
(i) Investments	981.48	-	-	981.48
(ii) Trade receivables*	251.09	-	-	251.09
(iii) Cash and cash equivalents*	613.11	-	-	613.11
(iv) Other financial assets*	348.82	-	-	348.82
Total	**2,194.50**	**-**	**-**	**2,194.50**
Financial liabilities				
(i) Borrowings*	483.56	-	-	483.56
(ii) Trade payables*	65.17	-	-	65.17
(iii) Lease liabilities*	29.97	-	-	29.97
(iv) Other financial liabilities*	10.19	-	-	10.19
Total	**588.89**	**-**	**-**	**588.89**

As at March 31, 2024	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Financial assets				
(i) Investments	981.48	-	-	981.48
(ii) Trade receivables*	1,121.23	-	-	1,121.23
(iii) Cash and cash equivalents*	894.34	-	-	894.34
(iv) Other financial assets*	54.65	-	-	54.65
Total	**3,051.70**	**-**	**-**	**3,051.70**
Financial liabilities				
(i) Borrowings*	13.90	-	-	13.90
(ii) Trade payables*	144.74	-	-	144.74
(iii) Other financial liabilities*	21.47	-	-	21.47
Total	**180.11**	**-**	**-**	**180.11**

* The carrying amount of the Company's financial assets and financial liabilities are reasonable approximation of their fair value and hence the Company has not disclosed the fair values.

(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, 2025 and March 31, 2024.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

31 Financial instruments

(c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, 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:

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed rate instruments:		
Financial liabilities	13.54	13.90
Variable rate instruments:		
Financial liabilities	470.02	(0.00)

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:

Particulars	Increase/decrease in basis points	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest rate fluctuation	+50	(2.35)	0.00
Interest rate fluctuation	-50	2.35	(0.00)

(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.

All the receivables and payables are in the Company's functional currency. The Company believes that there would be no impact of change in currency rates in the values of receivables and payables. Accordingly, disclosure related to the above have not been presented in these Special Purpose Standalone Financial Statements.

(ii) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 251.09 Million and ₹ 1,121.23 million as at March 31, 2025 and March 31, 2024 respectively. Trade receivables includes both secured and unsecured receivables and are derived from revenue earned from domestic and overseas customers. Credit risk has always been managed by the Company through taking security deposits and bank guarantees from customers, credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit losses at each reporting date, right from initial recognition. The company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix takes into account, available external and internal credit risk factors and the Company's historical experience with customers. An impairment analysis is is performed at each reporting date on an individual basis based on historical data of credit losses. Credit risk on cash and cash equivalents including other bank balances, investment in mutual funds and debt securities is limited as the Company generally invest in deposits with banks, financial institutions and counterparties with high credit ratings assigned by international and domestic credit rating agencies.
For ageing analysis of the trade receivables, refer Note 07.

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances amounts to ₹ 0.23 million and ₹ Nil as at year ended March 31, 2025 and March 31, 2024 respectively.

(d) 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.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

31 Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

Particulars	Contractual Cash Flows		Carrying Amount	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Less than 1 year				
Borrowings (refer note below)	470.74	2.13	470.74	2.13
Lease liabilities	9.45	-	9.45	-
Trade payables	65.17	144.74	65.17	144.74
Other financial liabilities	10.19	21.47	10.19	21.47
	555.55	**168.34**	**555.55**	**168.34**
Between 1 to 5 years				
Borrowings (refer note below)	12.82	11.77	12.82	11.77
Lease liabilities	20.52	-	20.52	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
	33.34	**11.77**	**33.34**	**11.77**
More than 5 years				
Borrowings (refer note below)	-	(0.00)	-	(0.00)
Lease liabilities	-	-	-	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
	-	**(0.00)**	**-**	**(0.00)**
Total	**588.89**	**180.11**	**588.89**	**180.11**

Notes:
a. The above disclosure excludes interest to be paid on the borrowings, by the Company.

32 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 Ultimate 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 debt equity ratio, which is Net debt i.e. total debts less funds divided by total equity. 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	As at March 31, 2025	As at March 31, 2024
Share capital	964.17	964.17
Other Equity	1,608.28	1,140.84
Equity (A)	**2,572.45**	**2,105.01**
Cash and cash equivalents	613.11	894.34
Current Investments	981.48	981.48
Total Fund (B)	**1,594.59**	**1,875.82**
Lease liabilities (F)	29.97	-
Borrowings	483.56	13.90
Total debts (C)	**513.53**	**13.90**
Net Debt (D=(C-B))	**(1,081.06)**	**(1,861.92)**
Total capital (equity + net debt)	**1,491.39**	**243.09**
Net debt to equity ratio (E=D/A)	*	*
Net debt (excluding lease liabilities)[G=(D-F)]	**(1,111.03)**	**(1,861.92)**
Net debt to equity ratio (excluding lease liabilities)	*	*

*** Net debt is negative and hence not applicable.**

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.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

33 Business Combinations

(a) Acquisitions during the previous year

On March 31, 2023, the Company executed a Stock Purchase Agreement with Nomura Research Institute Holdings America, Inc. and Brierley & Partners, Inc for acquisition of 100% membership interest and shareholding of Capillary Brierley Inc (formerly known as Brierley & Partners, Inc) w.e.f. April 01, 2023. Brierley & Partners, Inc was the holder of all the issued and outstanding equity interests of Brierley Europe Limited). On March 31, 2023, Capillary Pte. Ltd. executed a Share Purchase Agreement with Brierley & Partner, Inc for acquisition of 100% membership interest and shareholding of Capillary Technologies Europe Limited (formerly known as Brierley Europe Limited) w.e.f. April 1, 2023.

Assets acquired

The fair value of identifiable assets and liabilities of the Company i.e. Capillary Brierley Inc (formerly known as Brierley & Partners, Inc) and Capillary Technologies Europe Limited (formerly Brierley Europe Limited) are shown below:

	Balance recognised on acquisition
Assets and liabilities	
Net tangible assets acquired	289.15
Identified intangible assets acquired	479.38
Deferred tax liability on identified intangibles on purchase consideration	(101.72)
Goodwill	159.49
Purchase consideration	**826.30**
Purchase consideration	
Consideration paid in cash	472.44
Consideration paid for settlement of debt and debt like items	353.86
	826.30

All other disclosures as required under Ind AS 103 are as follows -

(i) The primary reason for the acquisition is the enhancement of Loyalty business in the United States of America (USA) and United Kingdom (UK.)
(ii) No contingent liabilities have been recognised.
(iii) There are no such transactions that are recognized separately from the acquisition of assets and assumption of liabilities in the business combination.
(iv) the above business combination is not achieved in stages.
(v) Goodwill is not tax deductible.

(This space has been intentionally left blank)

(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

34 The Company's management is of the opinion that its international transactions with related parties are at arm's length and that the Company is in compliance with the transfer pricing legislation applicable in each of the geographies in which they operate. Based on the above, the Company's management believes that the applicable legislations will not have any impact on the financial statements, particularly on the amount of tax expense and on the provision for taxation.

35 Discontinued Operations

(i) The Company vide its Board resolution dated March 12, 2025, decided to discontinue its operations in the Digital business effective from March 31, 2025. The e-commerce business of the Company comprised of operations and cashflow that was clearly distinguished from the operations of the rest of the Company. The business did not have any assets which were not recoverable and accordingly, no amount was derecognised to the Restated Statement of Profit and Loss for the year ended March 31, 2025.

Accordingly, the discontinued cash generating component has been accounted for in accordance with the stipulations of Ind AS 105 - Non- current assets held for sale and discontinued operations. The comparative periods have also been adjusted in line with the requirements of the standard.

The Profit from the Dicontinued Operations for the years are as mentioned below:

	For the year ended March 31, 2025	For the year ended March 31, 2024
I. Revenue from operations	270.05	391.91
II. Other income	-	-
III. Total income (I+II)	**270.05**	**391.91**
IV. Total expenses	269.12	286.06
V. Profit before tax (III_IV)	**0.93**	**105.85**
VI. Tax expense (net) from discontinued operations	0.20	22.23
VII. Profit for the year from discontinued operations (V-VI)	**0.73**	**83.62**
Net cashflow attributable to the cash generating unit is as follows:		
Cashflow from/ (used in) Operating activities	16.12	101.39
Cashflow from/ (used in) Investing activities	-	-
Cashflow from /(used in) Financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**16.12**	**101.39**

36 Events after reporting period:

On March 31, 2025, the Company entered into a Purchase and Sale agreement with Loyalty Solutions Holdings US Inc. ("LSI"), wherein the Company will acquire the entity named Kognitiv Solutions Inc., a wholly owned subsidiary company incorporated in Ontario, Canada (a wholly owned subsidiary of LSI) and Business Intellectual property rights consisting of Licensed Intellectual Property and Owned Intellectual Property of LSI. The said transaction was subject to regulatory approvals, which were obtained on April 29, 2025. The Company is in the process of getting the appropriate details of assets and liabilities as on May 1, 2025 and hence, the detailed disclosure on acquisition of assets and liabilities as on the date of transfer is not disclosed. The date of transfer is May 1, 2025.

Further, on March 31 2025, the Company entered into an Asset Purchase agreement with Kognitiv US LLC ("Kog US"), wherein the Company has acquired certain assets and liabilities. The said transaction was subject to regulatory approvals, which were obtained on April 29, 2025 and the entity is in the process of being transferred owing to certain customary closing conditions as on the date of the Special Purpose Standalone Financial Statements. The date of transfer is May 1, 2025.

37 Ratio analysis

Ratio	Numerator	Denominator	March 31, 2025	March 31, 2024	Variance	Reason
Current ratio	Current assets	Current liabilities	3.41	3.21	6.47%	
Debt-equity ratio	Total borrowings	Total equity	0.19	0.01	2747.34%	refer note (a) below
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	(0.92)	2.98	(130.78%)	refer note (b) below
Return on equity ratio	Net profit after taxes	Average total equity	18.43%	21.13%	(12.81%)	
Trade receivable turnover ratio	Revenue from operations	Average trade receivables	3.27	2.07	58.22%	refer note (c) below
Trade payables turnover ratio	Cost of campaign services + Professional and consultancy services and other expenses	Average trade payables	9.05	3.48	160.16%	refer note (d) below
Net capital turnover ratio	Revenue from operations	Working capital = Current assets - Current liabilities	1.14	0.46	147.72%	refer note (e) below
Net profit ratio	Net profit after tax	Revenue from operations	21.85%	23.82%	(8.25%)	
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Borrowings + Total Lease Liabilities	13.64%	11.94%	14.20%	
Return on investment	Income generated from invested funds	Average invested funds in treasury investments	2.73%	0.11%	2446.10%	refer note (f) below

Notes:

(a) The increase is due to the borrowings taken during the year.

(b) Due to increase in profits and additional borrowings taken during the year

(c) Due to decrease in debtor days

(d) Due to increase in creditors days

(e) Due to increase in sales and reduction in trade receivables balances

(f) Due to movement in investment

(g) Inventory turnover ratio is not applicable to the Company

38 Prior year amounts have been regrouped / reclassified wherever necessary, to confirm to the presentation in the current year, which are not material.

As per our report of even date.

For Jain Jindal & Co,
Chartered Accountants
Firm registration number: 025817N

Dhe[illegible]
Partner
Membership No: 501687

Place: Bengaluru
Date: June 05, 2025

For and on behalf of the Board of Directors

Governor

Place: Minnesota, US
Date: June 05, 2025