ANNUAL REPORT

2024-25

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Board of Directors

Aneesh Reddy Boddu
Founder, Managing Director and
Chief Executive Officer

Anant Choubey
Co-founder, Executive Director,
Chief Financial Officer and Chief Operating Officer

Neelam Dhawan
Chairperson and Independent Director

Farid Lalji Kazani
Independent Director

Venkat Ramana Tadanki
Independent Director

Yamini Preethi Natti
Independent Director

Registered & Corporate Office

#360 bearing PID No 101, 360, 15th Cross Rd,
Sector 4, HSR Layout , Bangalore South,
Karnataka, India, 560102

Bankers

HDFC Bank Limited
HSBC Limited

Website

www.capillarytech.com

Statutory Auditors

Walker Chandiok & Co. LLP

Secretarial Auditors

BMP & Co. LLP

Internal Auditors

Protiviti India Member Private Limited

Committees of the Board

Audit

Farid Lalji Kazani
Anant Choubey
Neelam Dhawan
Venkat Ramana Tadanki

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Yamini Preeti Natti
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Yamini Preeti Natti

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Neelam Dhawan
Aneesh Reddy Boddu
Farid Lalji Kazani

Aneesh Reddy Boddu
Founder, Managing Director and CEO

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

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

Outside of Capillary, Aneesh is active in the SaaS ecosystem and an active contributor to SaaSBoomi. He is also curious about spirituality and is an avid vipassana practitioner and a key contributor to the Inner Peace Initiative at Capillary and in the broader SaaS ecosystem in India.

Anant Choubey
Executive Director,
CFO and COO

Anant Choubey is the Executive Director, Chief Financial Officer and Chief Operating Officer of our company. He has been a part of the company since 2010. He holds a bachelor's degree in industrial engineering from the Indian Institute of Technology, Kharagpur. Anant started his career with Procter & Gamble Home Products Private Limited where he led Packing Operations for a green field laundry plant.

Neelam Dhawan

Independent Director and Chairperson

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

She was previously associated with Hewlett-Packard Enterprise India Private Limited as Vice-President - Solutions Sales, and with HP India Sales Private Limited, Hewlett-Packard India Private Limited, Microsoft Corporation (India) Private Limited as their Managing Director. Currently, she serves as an independent director on the boards of HUL, ICICI Bank Limited, Fractal Analytics Private Limited, Tech Mahindra and Ather. Capita PLC in the United Kingdom, Yatra Online Limited and Inc, and Nudge life skill foundation as Director

Farid Lalji Kazani

Independent Director

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

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

He is a partner of Amir Advisory services LLP. He was previously associated with Course5 Intelligence Private Limited in the Capacity of Executive Vice-President, Majesco Limited in the capacity of a Managing Director, with RPG Enterprises Limited in the capacity of Vice-President (Corporate Finance), with BPL Mobile Communications Limited as their Head, Corporate Finance and with First source Solutions Limited in the capacity of Chief Financial Officer (India).

Venkat Ramana

Independent Director

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

He is also a charter member of TiE SoCal, Southern California. He was previously associated with ITC Limited for Fortune Tobacco Company in the United States, Daksh, and with PepsiCo India Holdings Private Limited. before turning into a serial entrepreneur, co-founding Daksh and Secova. He continues to be an active angel investor and mentor. He is a charter member of TiE SoCal, Southern California., Founder and Board member of SoCal Angel Funds I and II and Managing Partner of Anvaya Ventures, Inc.

Yamini Preethi Natti

Independent Director

Yamini Preethi Natti is an Independent Director of our company. She holds a Bachelor's degree in Computer Science from the Birla Institute of Technology and Science, Pilani and a Post-graduate Diploma in Management from the Indian Institute of Management, Bangalore. She subsequently worked with McKinsey & Company, Inc. She is the Co-founder and Chief Executive Officer of Vymo Inc.

3. BOARD REPORT

TO THE MEMBERS
CAPILLARY TECHNOLOGIES INDIA LIMITED

Your Directors have pleasure in presenting the 13th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2025.

1. FINANCIAL PERFOMANCE

On a consolidated basis, your Company's revenue increased to INR 5982.59mn for the current year as against INR 4833.97mn in the previous year. Your Company's net profit is INR 132.75mn for the current year as against the net loss of INR 593.76mn in the previous year. On a standalone basis, your Company's revenue increased to INR 1740.91mn for the current year as against INR 1186.21mn in the previous year. Your Company's net profit is INR 35.06mn in the current year as against the net loss of INR 523.34mn in the previous year.

				INR in Million
	Standalone		Consolidated	
Particulars	**2024-25**	**2023-24**	**2024-25**	**2023-24**
Revenue from contuining operations (net revenue*)	1740.91	1186.21	5982.59	4833.97
Other Income	122.37	84.68	136.10	103.40
Finance Income	--	--	--	--
Total Expenses	1407.46	1618.32	5332.90	5369.31
Profit/(Loss) before Exceptional items and Tax	35.06	(523.34)	106.78	(752.58)
Exceptional items	--	--	--	--
Profit/(Loss) before tax	35.06	(523.34)	106.78	(752.59)
Profit/(Loss) after tax	35.06	(523.34)	132.75	(593.76)
Other comprehensive income	(4.24)	(4.06)	68.54	59.82
Total comprehensive income/(Loss) for the year	30.82	(527.40)	201.29	(533.94)
EPS				
-Basic	0.48	(9.30)	1.81	(10.55)
-Diluted	0.47	(9.30)	1.79	(10.55)

*Net revenue- refer note 21 of standalone financial statements and note 22 of consolidated financial statements

Business performance is highlighted in CEO's message, which is shared separately.

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

Your Company does not propose to transfer any amount to the reserves for financial year 2024-25.

1.3 Dividend

Your Company does not propose to declare any dividend for financial year 2024-25.

1.4 Major events occurred during the year

a State of company's affair

Your company has not engaged in any significant developments or material affairs during the financial year 2024-25

b. Change in nature of business

Your Company has not changed nature of business during the financial year 2024-25 under review.

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

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

1.5 Details of revision of financial statement or the Report

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

2. GENERAL INFORMATION

People Practice

In FY 2024–25, the People Practice function at Capillary Technologies continued to evolve as a strategic corporate enabler, working collaboratively across all business units to drive organizational excellence, employee engagement, and operational effectiveness. Aligned with our long-term business objectives, the function played a pivotal role in enhancing people-centric practices, streamlining policies, building leadership capability, and nurturing a culture of continuous development.

One of the key strategic priorities during the year was the streamlining of global human resource ("HR") policies and processes, ensuring consistency and compliance across geographies. These policies underwent a rigorous audit to align with statutory requirements and industry best practices. As part of this effort, we successfully conducted a comprehensive HR Audit across India, the United States, and the Europe.

We also transformed the mid-year review process to emphasize development, introducing the "on track / off track" framework. This simplified approach—enabled through our partnership with the xto10x platform—served as a strategic checkpoint to celebrate progress and identify areas for growth.

Significant strides were made in HR tech integration to enable seamless data flows and operational efficiency. Our core HRMS platform, Darwinbox, was successfully integrated with:

- **Netsuite (Finance tool) for payroll and cost allocation**
- **OnGrid for automated background verification and**
- **Sense for a streamlined onboarding experience**

Our HR Shared Services continued to ensure smooth delivery of critical services including payroll administration, benefits management, employee data governance, and resolution of employee queries, all while maintaining service quality benchmarks and compliance.

As part of our ongoing investment in talent and leadership, the year saw the expansion of coaching and development programs:

- Personalized coaching for top talent and JEDI/senior managers, helping leaders align personal growth with organizational priorities.
- First-time manager development program, designed to empower new managers with essential leadership capabilities in communication, delegation, performance management, and conflict resolution.
- Transition coaching for offshore delivery center ("ODC") managers in mysore, following the inauguration of our mysore offshore delivery center, ensured leadership continuity and cultural integration.

Learning & Development

Capillary Academy, our dedicated Learning & Development (L&D) wing, aimed at fostering a culture of continuous learning, capability building, and career growth. It continues to serve as the central hub for learning and development through personalized and scalable programs, enabling both product and functional capability building across the organization. In FY 2024–2025, the team delivered impactful learning outcomes with 45+ courses (including 30 product certifications), 5,500+ completions, 800+ active learners, and 50+ hours of expert-led training each quarter – spanning Product Training Days, new joiner bootcamps, custom workshops, and client/partner-specific trainings.

Key Highlights-

Building Team Capabilities

- **Client-Readiness Workshops:** Custom product workshops conducted for US-CS teams, aligned with client-specific use cases to build demo and client readiness
- **Onboarding Bootcamps:** Trained all new joiners at the Mysore office through structured product and process bootcamps for seamless onboarding
- **Role-Based Learning Paths:** Launched for PSV, CS, Design, Product, and HR teams to streamline onboarding
- **Hands-On Product Learning:** Introduced assignment-based and use case-led product bootcamps for deeper engagement
- **Manager Dashboards:** Rolled out improved dashboards for tracking completion of mandatory learning modules

Content & Engagement

- **Podcast-Style Certifications:** Transformed baseline certifications into engaging audio-based formats to enhance self-paced learning
- **Capillary Compass:** Curated a new HR onboarding module with leader snippets & departmental walkthroughs to help new joiners understand Capillary's journey, values, and growth- now a part of India orientation.
- **Rewards+ Enablement:** Launched an interactive walkthrough and baseline certification to enhance understanding and adoption of the new Rewards+ module
- **Microlearning Assets:** Created 25+ bite-sized product videos to support just-in-time learning
- **LMS Upgrade:** Launched a new Learning Management System with better usability and tracking, driving higher engagement
- **CapConnect Launch:** Introduced a community-based platform within the Academy portal for peer-driven knowledge sharing and collaboration.
- **Gamified Learning:** Continued motivation through badges, leaderboards, Academy Champions, and contributor rewards – further encouraging a vibrant learning culture across teams

Capillary Compass

Curated a new HR onboarding module with leader snippets & departmental walkthroughs to help new joiners understand Capillary's journey, values, and growth- now a part of India orientation. These efforts have contributed to faster onboarding, stronger product readiness, and improved client delivery – reinforcing continuous learning and strengthening capabilities across Capillary.

The New Hire Onboarding Program was revamped to provide a structured, engaging, and high-impact assimilation experience for new joiners. The integration of digital tools and curated experiences significantly improved onboarding satisfaction scores.

To foster deeper engagement, we launched a host of initiatives during our Foundation Week celebrations, which included:

- **YourDost mental well-being sessions**
- **Football matches**
- **Photography contests**
- **The FitCap Challenge**
- **Capillary Appreciation Week and Gratitude Wall initiatives**

These activities reflected our commitment to building an inclusive, appreciative, and high-performing culture.

We embedded a holistic wellness approach into our people strategy, addressing physical, mental, emotional, and social well-being. Key initiatives included:

- **Launch of FitCap, a monthly health and wellness newsletter**
- **Annual health check-ups, nutrition workshops, and monthly fitness challenges**
- **Football and badminton tournaments**
- **Onsite yoga, Zumba, and fitness classes**
- **Stress management seminars and mindfulness sessions**
- **Gut Health Session**
- **Capillary Premiere League**

Special wellness highlights included:

- **The three-day Inner Peace Workshop conducted in Bangalore (Nov 2024)**
- **The Warrior Quest Challenge, part of our physical wellness initiative**
- **Capillary X CULT Onsite Session, encouraging employees to engage with their fitness benefits through CultFit**

To foster a culture of open communication, we organized regular HR Open Houses and All Hands Meetings, offering employees a platform to understand organizational updates, policy changes, and voice feedback. This helped us reinforce trust and involve employees in the company's decision-making process.

In our pursuit of continuous improvement, we actively partnered with business leaders to analyze and act on eNPS (Employee Net Promoter Score) results. Through regular pulse connects, targeted interventions, and feedback loops, we addressed key themes, strengthening engagement and employee experience.

The People Practice function continues to play a pivotal role in shaping Capillary's organizational culture, enabling business growth, and delivering employee-centric outcomes. By embedding strategic intent into every initiative and fostering cross-functional collaboration, we remain committed to building a resilient, high-performing, and people-first organization.

3. CAPITAL AND DEBT STRUCTIRE

3.1 Issue of shares or other convertible securities

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

a. Change in the authorized, issued, subscribed and paid-up share capital

(i) Authorised Capital

The Authorised share capital of the Company is as given below:

Date of modification	Equity share Capital	Preference share Capital	Unclassified Capital	Total Authorised Capital
Original Share Capital at the time of Incorporation				
	10,00,000/-	0/-	0/-	**10,00,000/-**
Subsequent Modifications				
May 04, 2012	1,90,00,000/-	0/-	0/-	**1,90,00,000/-**
March 27, 2015	2,50,00,000/-	0/-	0/-	**2,50,00,000/-**
August 19, 2021	11,00,00,000/-	0/-	0/-	**11,00,00,000/-**
September 29, 2021	11,00,00,000/-	10,00,000/-	0/-	**11,10,00,000/-**
November 24, 2021	15,00,00,000/-	10,00,000/-	0/-	**15,10,00,000/-**
March 08, 2024	25,00,00,000/-	10,00,000/-	0/-	**25,10,00,000/-**

(ii) Issued , Subscribed and paid up share capital.

As on date of this report, the issued, subscribed and paid-up share capital of the Company has changed from INR. 14,64,68,706/- (Rupees Fourteen Crore Sixty Four Lakh Sixty Eight Thousand Seven Hundred and Six Only) to INR. 14,66,58,276/- (Rupees Fourteen Crore Sixty Six Lakh Fifty Eight Thousand Two Hundred and Seventy Six Only) details of which are given below:

Equity Share capital

Date of Allotment	Nature of Allotment	Number of equity shares allotted	Face value per share (INR)	Issue Price per equity share	Nature of consideration
18th January 2025	Preferential Allotment	94,785	2	526.70	Cash/-

b. Reclassification or Subdivision of the authorised share capital.

During the financial year under review, the Company has not undertaken any reclassification or sub-division of the authorised capital in terms of Companies Act 2013.

c. Reduction of share capital or buy back of shares

The Company has not reduced nor bought back any shares.

d. Change in capital structure resulting from restructuring

There is no change in the capital structure resulting from restructuring.

e. Change in voting rights

There is no change in the voting rights.

3.2 Issue of equity shares with differential rights and sweat equity shares

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

3.3 Details of employee stock options

The Company had adopted “Capillary Employees Stock Option Scheme– 2021” (hereinafter referred to as the “ESOP 2021”/ “Scheme”) along with its amendments from time to time. Under the scheme, your Company grants share-based benefits to the eligible employees by granting stock options (“Options”), with a view to attract and retain talent in and within the Company (including subsidiaries and holding company) encourage employees to strive to perform better, and ultimately incentivize such employees who exhibit traits appreciated by the Company.

Disclosure as required under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2025:

(a) options granted;	57,20,889
(b) options vested;	6,09,785
(c) options exercised;	5,71,064
(d) the total number of shares arising as a result of exercise of options;	5,71,064
(e) options lapsed(due to exit of employees):	24,79,481
(f) the exercise price;	Face Value
(g) variation in terms of options;	Not applicable
(h) money realised by exercise of options;	11,42,128
(i) total number of options in force;	66,03,936
(j) employee wise details of options granted to: (i) Key Managerial Personnel; (ii) any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year; (iii) Identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the Company at the time of grant.	• Aneesh Reddy Boddu - Overall Granted 9,52,309 options out of which, 3,89,214 options were exercised and balance were surrendered. • Anant Choubey- 2,76,644 were granted and he has surrendered all options • G Bhargavi Reddy - Overall Granted 3,563, out of which 758 options were surrendered against the cash settlement and 50 options were exercised in to shares. a. Nil b. Nil

Additional disclosure: -During the year under review the company has purchased rights on 94,785 vested options from active and inactive employees of the Company.

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

During the financial year under review, the Company has not held any shared in trust for the benefit of employees where the voting rights are not exercised directly by the employees.

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

During the financial year in review, the company has not issued and allotted any debentures, warrants, bonds or any non-convertible securities.

4. CREDIT RATING OF SECURITIES

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

5. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

6. MANAGEMENT

6.1 Directors and Key Managerial Personnel

As on the date of this report, the Company has Six (6) directors consisting of four (4) Independent directors and two (2) Executive directors. The composition of the Board is in conformity with Section 149 and 152 of the Act.

None of the Directors on the Board:

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

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2025 have been made by the Directors.

The Key Managerial Personnel's of the Company as on March 31, 2025 are:

	Name	Designation
01	Mr. Aneesh Reddy Boddu	Managing Director and CEO
02	Mr. Anant Choubey	Executive Director, Chief finance officer and Chief operating officer
03	Mrs. G Bhargavi Reddy	Company Secretary and Compliance officer

a. Disqualification of Directors

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

b. Appointment / Resignation from Board of Directors

- Pursuant to the resignation of Mr. Sameer Garde, Mr. Aneesh Reddy Boddu, who was serving as the Managing Director of the Company, has been appointed as the Chief Executive Officer (CEO) and designated as a Key Managerial Personnel (KMP) of the Company with effect from May 14, 2024. Consequently, Mr. Aneesh Reddy Boddu has been relieved from his responsibilities as Vice Chairman of the Company with effect from the same date.
- Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 27, 2024, and with the approval of the shareholders at the Annual General Meeting held on September 27, 2024, re-appointed Mr. Aneesh Reddy Boddu as the Managing Director & Chief Executive Officer (MD & CEO) and Mr. Anant Choubey as the Executive Director, Chief Operating Officer (COO) and Chief Financial Officer (CFO) of the Company for a further term of three years, effective from November 24, 2024 to November 23, 2027.
- Similarly, based on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on August 27, 2024, and with the approval of shareholders at the AGM held on September 27, 2024, re-appointed Mr. Farid Lalji Kazani, Mrs. Neelam Dhawan, Mr. Venkat R Tadanki, and Mrs. Yamini Preethi Natti as Independent Directors of the Company for a further term of five years, effective from December 10, 2024 to December 09, 2029.

c. Directors retiring by rotation

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

In view of the above, Mr. Anant Choubey (DIN-06536413), who has been longest in office since his appointment, who is liable to retire by rotation and being eligible, offers himself for re-appointment, a resolution seeking shareholders' approval for his re-appointment forms part of the notice. The Board recommends his re-appointment.

d Declaration by Independent Director

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

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

During the year under review and as on date of this report

- Except for payment of professional fee to M/s. Amir Advisory Services LLP (where Mr. Farid Lalji Kazani- Independent Director is a partner) for availing advisory services, the Company did not have any pecuniary relationship or transactions with any of its Directors, other than payment of sitting fees to Independent Directors and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committees of the Company.
- The Advisory Agreement dated March 14, 2023 entered with M/s. Amir Advisory Services LLP for providing advisory services on financial related matters had expired on March 01, 2024. The Audit Committee and Board of Directors approved the fresh advisory agreement with M/s. Amir Advisory Services LLP dated May 27th, 2024 with same scope of work, for which they shall be paid INR. 1 lakh per day spent on the assignment but not exceeding total fee of INR. 9 lakh over a period of one year, which is lesser than 10% of total gross turnover/ income of the said LLP for the year 2022-23. Mr. Farid Lalji Kazani (Independent Director) and his daughter are partners of the said LLP.

- In the opinion of the Board, all the independent directors appointed during the year are persons of integrity, possesses relevant expertise and experience (including the proficiency).

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

s.no	Name	Designation	Date of registration	Online proficiency Self-Assessment test exemption status	Status of online proficiency test
1	Mrs. Neelam Dhawan	Chairperson (Independent Director)	19th February, 2020	Exempted	NA
2	Mr. Farid Lalji Kazani	Independent Director	21st February, 2020	Exempted	NA
3	Mr. Venkat Ramana Tadanki	Independent Director	18th October, 2021	Not-Exempted	Passed
4	Mrs Yamini Preethi Natti	Independent Director	01st November, 2021	Not Exempted	Passed

e. Women Director

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

f. Changes in KMP

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

- Mr. Sameer Garde resigned as Executive Director & CEO of the Company effective from March 31, 2024.
- Mr. Aneesh Reddy Boddu was appointed as Chief Executive officer & KMP of the Company and was relieved from the duties of vice chairman.

6.2 Board Meetings

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

s.no	Date of meetings	No. of director are eligible to attend meeting	No. of director attended	% of Attendance
1	14th May, 2024	6	6	100
2	14th June, 2024	6	6	100
3	21st August, 2024	6	6	100
4	27th August, 2024	6	6	100
5	5th November, 2024	6	6	100
6	29th November, 2024	6	4	66
7	27th January, 2025	6	6	100
8	7th February, 2025	6	6	100
9	12th March, 2025	6	5	83

6.3 Committees and Corporate Governance

As on March 31, 2025, the Board had the following seven (7) committees

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Stakeholders Relationship Committee
5. Corporate Social Responsibility Committee
6. Strategic and Business Development Committee and
7. Initial Public Offering ('IPO') Committee

The details of the composition, terms of references, and number of committee meetings held during FY 2025 and the attendance of the committee members at each meeting are given in the Report on Corporate Governance adopted voluntarily which forms a part of the Annual Report.

***After 31st March, 2025, Strategic and Business Development Committee has been dissolved with effect from 20th April, 2025.**

6.4 Recommendations of Audit Committee

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

Composition of Audit committee

s.no	Names of Committee Members	Designation
1	Mr. Farid Lalji Kazani	Chairman of the Committee-Independent Director
2	Mr. Anant Choubey	Member of the Committee- Independent Director
3	Mrs. Neelam Dhawan	Member of the Committee- Independent Director
4	Mr. Venkat Ramana Tadanki	Member of the Committee- Independent Director

6.5 Company's Policy on Directors' appointment and remuneration

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

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

6.6 Board Evaluation

The provisions of section 134 (p) of the Companies Act, 2013, with respect statement indicating the manner in which formal annual evaluation of the Board, its Committees and Individual Directors are not applicable to the Company, as the paid up share capital of the Company is less than INR.25 crore as on March 31,2025. However, the Company on voluntary basis has availed services from a third party i.e Valulead Consulting to undertake the evaluation of the Board, its Committees and Individual Directors. In a separate meeting of Independent Directors held on February 8, 2025, the performance of Non-Independent Directors, the Chairperson of the Board and the Board as a whole was evaluated by the Independent Directors.

6.7 Remuneration of Directors and Employees

- Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company as on March 31, 2025.

- Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered Office of the Company during working hours. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at secretarial@capillarytech.com.

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

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

6.9 Director's responsibility Statement

Your Directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d. the directors had prepared the annual accounts on a going concern basis; and
e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6.10 Internal financial control and its adequacy

Your Company has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the criteria for internal financial control over financial reporting established by the Company. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

6.11 Quality Management System

Quality Policy

At Capillary, our mission is to consistently drive customer success by delivering excellence in products and services. We are committed to continuous improvement across our systems and processes, ensuring consistent return on investment for our clients.
Our quality strategy is rooted in customer feedback, evolving business needs, emerging technologies, and performance analysis. We continually evaluate and adapt our practices to ensure relevance and excellence in a rapidly changing market landscape.

Capillary's quality framework is based on globally recognized standards and industry-leading practices. We maintain ISO 27001:2022, PCI DSS 4.0 certifications, and are annually assessed for SOC 2 Type 2 and SOC 1 Type 2 standards. These accreditations guide our policies for SaaS product security, platform integrity, and corporate information infrastructure protection.

Engineering Excellence & Product Quality

Engineering is at the core of our value creation. Our teams are structured for agility, innovation, and resilience, enabling us to solve complex problems through modern technology stacks and collaborative practices.

Core Engineering Practices

- **Agile and Scrum Methodologies:**
  Delivering high-quality features iteratively, with customer-centric alignment at every stage.

- **Continuous Integration & Delivery:**
  Automation-first pipelines ensure reliable deployments and faster time-to-market with reduced human errors.

- **Cloud-Native Architecture:**
  Highly scalable and performant systems built on microservices and Kubernetes enable rapid deployment, observability, and efficient resource use.

- **Test-Driven Development (TDD):**
  Unit and integration tests are embedded into our development process, ensuring fast feedback cycles and high-quality releases.

- **Observability & Monitoring:**
  Every release includes application and infrastructure metrics, logs, and alerts to proactively detect and resolve issues.

- **DevOps and Site Reliability Engineering (SRE):**
  We integrate reliability practices such as SLIs/SLOs, chaos testing, and automated failover to ensure uptime and resilience.

- **Security by Design:**
  We embed secure coding practices, vulnerability scanning, and shift-left testing into the SDLC, ensuring product security from day one.

- **Automation-Driven Quality Gates:**
  Automated functional test suites are executed across environments, including post-release automation runs. Our sanity and smoke test suites run on production, and failures immediately trigger alerts to ensure swift issue detection. This proactive approach enables faster incident response, reinforces change management, and ensures release stability and customer confidence.

- **Root Cause Analysis (RCA):**
  Focused effort on understanding the cause of failure, identifying gaps and areas of improvement, while learning from mistakes, is part of the engineering culture. We resolve systemic issues quickly and prevent recurrences by properly planning the permanent fix.

Process Governance & Continuous Improvement

We maintain a technology-led governance framework that emphasizes:

- **Standardization & Automation:**
  All critical decisions are backed by real-time dashboards and data-driven insights.

- **Feedback Loops:**
  Continuous internal and customer feedback mechanisms help evolve our products and engineering processes dynamically.

- **Process Audits & Certifications:**
  Regular third-party audits ensure compliance with international standards and reinforce our commitment to quality and security.

Customer Experience & NPS

Customer satisfaction is a board-level metric at Capillary. We run quarterly Net Promoter Score (NPS) surveys across engineering, product, and customer success functions.

NPS results are used to:

- Uncover improvement areas and prioritize them in OKRs.
- Enable cross-functional efforts to resolve pain points.
- Track trends and drive consistent enhancements in customer experience.

A systematic approach to analyzing feedback ensures our customers consistently see value and trust in our solutions.

Delivery Methodology & Program Management

Our project delivery is anchored in Agile frameworks and mature program management practices:

- **Project Management:**
  Provide transparency to internal and external stakeholders, including real-time tracking of milestones and risk flags.

- **Customer-Centric Onboarding:**
  From kickoff, clients are integrated into the planning and execution phases to maximize value realization from Day 1.

- **Change Management & Risk Mitigation:**
  Our playbooks include proactive change control and contingency planning to manage uncertainties during implementations.

Our Quality Management System showcases:

- Proven process maturity and product stability.
- Robust security and compliance posture.
- Scalable engineering and delivery models.
- Strong customer satisfaction metrics and governance.

These form a critical part of our risk mitigation and operational excellence.

6.12 Frauds reported by auditor

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

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

6.13 Adoption and review of policies

The details of the policies approved and adopted by the Board & Committees as required under the Companies Act, 2013 are provided in Annexure I to the Board's report.

6.14 Report on Corporate Governance

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

7. DISCLOSURES RELATING TO HOLDING, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on March 31, 2025, our holding Company is Capillary Technologies International Pte. Ltd. (‘CTIPL’) which holds 4,91,36,656 equity shares together with its nominee, representing 67.01% of the issued, subscribed and paid-up equity share capital of our Company.

As on March 31, 2025, our Company had 8(eight) wholly owned subsidiaries including 1 (one) direct and 7(seven) step down subsidiaries outside India. The Company is in the process of closing its operations in China operated through Capillary Technologies (Shanghai) Co., Ltd (step down subsidiary).

There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”).

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

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

8. DETAILS OF DEPOSITS

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

9. PARTICULARS OF LOANS, GUARANTEE AND INVESTMENT

Pursuant to Section 186 of the Companies Act, 2013 disclosure on particulars relating to loans, advances, guarantees and investments (wherever applicable) are provided as part of the financial statements under note no. 05 & 08.

10. PARTICULARS OF CONTRACT AND ARRANGEMENTS OF RELATED PARTIES

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

There were no materially significant related party transactions made by the Company during the year that required shareholders' approval under Companies Act 2013. All Related Party Transactions are placed before the Audit Committee for approval. Further, prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for these transactions cannot be foreseen in advance.

Accordingly, the disclosure of the particulars of the related party transactions in form AOC -2 as required under Section 134(3) (h) of the Act as provided in Annexure-III is attached to this report.

The details of related party transaction as per accounting standards is provided in Note 33 of Notes to Financial Statements (Standalone).

11. CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of Companies Act, 2013, a company meeting the specified criteria shall spend at least 2% of its average net profits for three immediately preceeding financial years towards CSR activities. Accordingly, the provision of CSR is not applicable to your company for financial year 2024-25.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

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

a. Conservation of Energy

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

b. Technology absorption

(i) the efforts made towards technology absorption;	The internally developed software and tools have helped us improve the user efficiency, and user experience and also provide various improved features and functionalities in the enterprise loyalty and engagement activities for businesses and their users. **These include:** • New advancements for Loyalty+ platform through addition of milestone loyalty advanced features, streaks and badge. • Further advancements in the Loyalty Promotions configuration module to setup complex promotions using completely conversational manner leveraging AI capabilities (wip) • Journeys canvas to create A/B testing scenarios. • Built multiple new data flows on connect+ • Creation ofplatform extension module extending the capabilities of changing the APIs • Addition of user onboarding Module.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	• Continuous improvement of the product user experience. This is measured through increased product satisfaction score which is a strong indicator of customer retention. • Improved campaign and loyalty program ROI f or the business users. • Reduced cost of technology import by developing these tools/software internally on a timely manner.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the year under reference) – a) details of the technology imported; b) the year of import; c) whether the technology has been fully absorbed and if not, areas where absorption has not taken place, and the reasons thereof;	Your Company has not imported any technology during the last three years.
(iv) the expenditure incurred on Research and Development.	INR 449.27(in millions) incurred towards development of the software platform including Rewards +.

e. Foreign exchange earnings and out go

Particulars	FY 2023-24(INR in Million)	FY 2024-25 (INR in Million)
Inflow	656.36	1239.11
Outflow	203.36	22.601

13. RISK MANAGEMNET

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

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

The details of the Risk Management Committee are available on Company's website. The Risk Management Policy adopted by the Company is available at https://www.capillarytech.com/policies/

14. Cyber security

As our employees continue to work efficiently in a hybrid environment, we have remained proactive in addressing the evolving cybersecurity threat landscape. In our efforts to maintain a strong cybersecurity posture, our team has stayed informed about global cybersecurity developments, ensuring higher compliance and ongoing security. We are certified under the Information Security Management System (ISMS) Standard ISO 27001:2022 and PCI DSS 4.0. Additionally, we have completed the attestation for both SOC 2 and SOC 1 through an independent audit firm. Looking ahead, we are focused on achieving HITRUST certification next year.

Throughout the year, we prioritized cybersecurity training, reskilling, and fostering a culture of shared responsibility. We focused on encouraging a shift-left approach and empowering our developer community with specialized courses and resource kits. These efforts were aligned with our broader initiatives to enhance cybersecurity processes, technologies, and overall security posture.

15. VIGIL MECHANISM

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

16. MATERIAL ORDERS OF JUDICIAL BODIES /REGULATORS

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

17. AUDITORS

M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration no. 001076N/N500013), were appointed as the Statutory Auditors of the Company at the AGM held on September 29, 2022 for a term of five consecutive years from the conclusion of 10th Annual General Meeting ("AGM") till the conclusion of 15th AGM of the Company to be held in the year 2027 in accordance with the provisions of Section 139 of the Act.

The Report given by the Statutory Auditors on the standalone financial statements of the Company and the consolidated financial statements of the Company for the financial year ended March 31, 2025 forms part of this Annual Report.

18. SECRETARIAL AUDIT

M/s. BMP & Co, LLP, firm of practicing Company Secretaries ("Secretarial Auditors"), carried out the secretarial audit for FY 2025 in compliance with the Act and the Rules made thereunder, and other applicable regulations as amended and other laws specifically applicable to your Company. The Secretarial Audit Report in form MR-3 for FY 2025 is attached to this Report as Annexure – IV. The said Report does not contain any qualification, reservation or adverse remark or disclaimer by the Secretarial Auditors.

19. COST AND INTERNAL AUDIT

Cost Auditor and Records

The provisions of appointment of Cost Auditor pursuant to section 146 read with Companies (Cost Records and Audit) Rules, 2014 are not applicable to your Company during the financial year 2024-25.

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

Internal Audit

Protiviti India Member Private Limited (Independent Internal auditor) were appointed to carry out Internal Audit to ensure the adequacy of the internal control system and adherence to policies and practices. The audit committee regularly reviews the reports submitted by the independent internal auditor and the adequacy and effectiveness of internal controls.

20. EXPLANATION IN RESPONSE TO AUDITORS QUALIFICATION

The Reports given by the Statutory Auditors on the standalone financial statements and the consolidated financial statements of the Company for FY 2025 form part of the Annual Report. The Reports do not contain any qualification, reservation or adverse remark or disclaimer by the Statutory Auditors.

21. COMPLIANCE WITH SECRETARIAL STANDARDS

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

22. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

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

23. FAILURE TO IMPLEMENT ANY CORPORATE ACTION

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

24. ANNUAL RETURN

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013 read with the rules made thereunder, the Annual Return (Form MGT-7) of the Company has been disclosed on the website of the Company and Web Link thereto is: https://www.capillarytech.com/investors/regulation-46-of-sebi-lodr/

25. OTHER DISCLOUSERS

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

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

26. DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORK PLACE (PREVENTION, PROHIBITION, AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) and the rules made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has not received any complaints pertaining to sexual harassment during the financial year. Also, that no cases were filed, disposed of and pending as on date of this report.

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

27. GREEN INITIATIVES

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 13th Annual General Meeting of the Company including the Annual Report for FY 2024-25 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

In terms of Environmental responsibility, the Company actively works to minimize its ecological footprint by reducing carbon emissions, conserving energy and water, and adopting environmentally friendly practices.

- Capillary Technologies has a strong focus on sustainability. The company emphasizes environmentally-friendly practices such as reducing energy footprint, encouraging staff to engage in eco-friendly behaviors like using reusable utensils and avoiding plastic, planning social initiatives like tree plantation drives and e-waste reduction, and having Environment and Sustainability management plans in place.
- We, as such, have a minimalistic carbon footprint/emission. Our workspace size is maintained at a requirements level and we strive to ensure optimum usage of power across our office spaces.
- Our solutions are hosted on AWS and we inherit the sustainability measures and efforts undertaken by AWS.
- We work with Recykle, a waste management marketplace to ensure responsible e-waste management practices and plan to be a 100% processed e-waste company by 2025.
- This year, we tied up with another NGO on afforestation. Instead of trophies, we planted trees for speakers through the NGO, SankalpTaru: https://sankalptaru.org/
- Our employee and customer gifting solution is also sourced through local NGOs. Recently we sourced handmade diaries from jute bags from a women's group in uttarakhand https://www.purkalstreeshakti.org/
- We undertake many such initiatives with regional NGOs in every country.
- We sourced tote bags from a women-run NGO called Pallaguttapalle Bags and gift hampers from Thenga.

28. ACKNOWLEDGEMENTS AND APPRECIATION

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

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

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

Sd/-	Sd/-
Aneesh Reddy Boddu	Anant Choubey
Managing Director and CEO	Executive Director, CFO & COO
(DIN: 02214511)	(DIN: 06536413)
Date: 30/04/2025	Date: 30/04/2025
Place: Bangalore	Place: Bangalore

4. Corporate Governance report

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

A BRIEF STATEMENT ON ENTITY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

As on the date of this Report, the Company has Six (6) Directors consisting of Four (4) Independent Directors and two (2) Executive Directors. The composition of the Board is in conformity with Section 149 and 152 of Companies Act, 2013.

a) Composition and category of directors

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

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

Name	Board meeting Entitled Attend	Board Meeting Attended	Whether present in AGM held on 27th September, 2024
Mrs. Neelam Dhawan*	9	9	Yes
Mr. Anant Choubey	9	8	No
Mr. Aneesh Reddy Boddu	9	8	Yes
Mr. Farid Lalji Kazani*	9	9	Yes
Mr. Venkat Ramana Tadanki*	9	8	Yes
Mrs. Yamini Preethi Natti*	9	9	Yes

* All Independent Directors were reappointed at the Annual general meeting held on September 27,2024 for second term from December 10th, 2024 till December 9th, 2029.

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

Name of the Director and DIN	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies		Directorship in other listed entity (Category of Directorship)
	Chairperson	Member	Chairperson	Member	
Mrs. Neelam Dhawan DIN:00871445	Nil	6	1	2	Independent Director
Mr. Anant Choubey DIN:06536413	Nil	Nil	Nil	Nil	--
Mr. Aneesh Reddy Boddu DIN:02214511	Nil	Nil	Nil	Nil	--
Mr. Farid Lalji Kazani DIN: 06914620	Nil	Nil	Nil	Nil	--
Mr. Venkat Ramana Tadanki DIN: 00149481	Nil	Nil	Nil	Nil	--
Mrs. Yamini Preethi Natti DIN: 06533367	Nil	Nil	Nil	Nil	--

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

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

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

Sr. no	Date of Meetings	No of Meeting Directors eligible to attend	No of Meeting Directors attended	% of Attendance
01	14th May, 2024	6	6	100
02	14th June, 2024	6	6	100
03	21st August,2024	6	6	100
04	27th August,2024	6	6	100
05	5th November,2024	6	6	100
06	29th November,2024	6	4	66
07	27th Janauary,2025	6	6	100
08	7th February,2025	6	6	100
09	12th March, 2025	6	5	83

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

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

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

Name	Category	Number of Equity Shares (as on 31st march 2025)
Mrs. Neelam Dhawan	Independent Director	24,349
Mr. Farid Lalji Kazani	Independent Director	61,037
Mr. Venkat Ramana Tadanki	Independent Director	1,01,109
Mrs. Yamini Preethi Natti	Independent Director	4,879

Non executive director do not hold any convertible instrument.

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

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

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

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

Sr. No	Name of Director	skills/expertise/competence
01	Mrs. Neelam Dhawan	Wide Management, Functional and leadership experience, Information Technology, diversity, personal values, Leadership, technical operations, Corporate Governance and Business Strategy
02	Mr. Anant Choubey	Wide Management, Functional and Technical Experience, Financial Management, Leadership, Information Technology, Customer Success, Personal Values, Board & Corporate Governance and Business Strategy
03	Mr. Aneesh Reddy Boddu	Wide Management, Functional, Technical and leadership experience, Operations, Information Technology, Sales, Marketing personal values, Board & Corporate Governance and Business Strategy
04	Mr. Farid Lalji Kazani	Wide management, Functional and leadership experience, Personal Values, Financial Management, Corporate Governance and Business Strategy
05	Mr. Venkat Ramana Tadanki	Wide Management, Functional and leadership experience, Financial Management, personal Values Diversity, Board & Corporate Governance and Business Strategy
06	Mrs. Yamini Preethi Natti	Wide Management and leadership experience Information Technology, Personal Values, Diversity and Business Strategy

i) The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Independent

Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.

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

2. COMMITTES OF THE BOARD

a. Audit committee

description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act. Detail terms of reference for audit committee are available on website of company at https://www.capillarytech.com/investors/board-committees/	1. Mr.Farid Lalji Kazani- Chairman – Independent Director 2. Mr.Anant Choubey- Member- Executive Director 3. Mrs. Neelam Dhawan- Member – Independent Director 4. Mr.Venkat Ramana Tadanki- Member- Independent Director The Company Secretary shall act as the secretary to the Audit Committee and CFO shall be permanent invitee of the Committee.	Three audit committee meetings were held during the year under review and all committee members attended the meetings.

b. Nomination and Remuneration Committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	(c) meetings and attendance during the year.
Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act. Detail terms of reference for Nomination and Remuneration committee are available on website of company at https://www.capillarytech.com/investors/board-committees/	1. Mr.Venkat Ramana Tadanki- Chairman – Independent Director 2. Mrs. Neelam Dhawan- Member – Independent Director 3. Mrs. Yamini Preethi Natti- Member- Independent Director Company Secretary of the Company shall act as the secretary to the Nomination and Remuneration Committee.	Two committee meeting were held during the year under review and all committee members attended the meeting.

c. Stakeholder's relationship committee

(a) description of terms of reference;	**(b) composition, name of members and chairperson;**	**(c) Meetings and attendance during the year.**
Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. Detail terms of reference for Stakeholders relationship committee are available on website of company at https://www.capillarytech.com/investors/board-committees/	1. Mrs. Neelam Dhawan- Chairman – Independent Director. 2. Mr. Aneesh Reddy Boddu- Member- Executive Director 3. Mr. Farid Lalji Kazani- Member – Independent Director Company Secretary of the Company shall act as the secretary to the Stakeholders' Relationship Committee.	One Stakeholders relationship Committee meeting was held during the year under review and all committee members attended the meeting.

Name and designation of the compliance officer;	G Bhargavi Reddy Company Secretary & Compliance Officer Capillary Technologies India Limited #360, Bearing PID No.101, 360, 15th Cross Rd, Sector 4, HSR Layout, Bengaluru, Karnataka 560102 Email: secretarial@capillarytech.com
number of shareholders' complaints received during the financial year	Nil
number of complaints not solved to the satisfaction of shareholders;	Nil
number of pending complaints.	Nil

d. Risk management committee

(a) brief description of terms of reference;	(b) composition, name of members and chairperson;	c) meetings and attendance during the year.
Committee is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations. Detail terms of reference for Risk management committee are available on website of company at https://www.capillarytech.com/investors/board-committees/	1. Mrs. Neelam Dhawan- Chairperson – Independent Director 2. Mr. Anant Choubey – Member- Executive Director 3. Mr. Farid Lalji Kazani- Member – Independent Director Company Secretary of the Company shall act as the secretary to the Risk Management Committee and CFO shall be permanent invitee of the Committee.	one meeting was held during the year under review and all committee members attended the meeting.

3. SENIOR MANAGEMENT

Following are the senior management personal of the company

S.no	*Name	Designation
1	Anant Choubey	Chief Financial Officer
2	Sridhar Bollam	Chief Customer Officer- North America and co-founder
3	Rohan Anil Mahadar	Chief Product Officer
4	Piyush Kumar	Chief technology Officer
5	Lalit Sharma	Senior Vice President- Europe
6	Santosh Reddy Nigudagi	Vice President Sales
7	Siddhant Jain	Chief Customer Success Officer
8	Sunil Jain	Head - Corporate Development
9	Jim Sturm	Senior Vice President- Sales
10	Bhargavi Reddy	Company Secretary
11	Ravi Jaswani	Head - Finance
12	Melody Mitchem	Global head- Human Resources

* arranged in chronological order

4. REMUNERATION OF DIRECTORS

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

- Advisory services from M/s. Amir Advisory Services LLP, a firm expertise in providing advisory services on Finance, Accounting, business restructuring, cost management, mergers and acquisitions and related areas of the Company. Mr. Farid Lalji Kazani (Independent Director) and his daughter are partners of the said LLP.

  The Advisory Agreement dated March 14, 2023 entered with M/s. Amir Advisory Services LLP for providing advisory services on financial related matters had expired on March 01, 2024. The Audit Committee and Board of Directors approved the fresh advisory agreement with M/s. Amir Advisory Services LLP dated May 27th ,2024 with same scope of work, for which they shall be paid INR. 1 lakh per day spent on the assignment but not exceeding total fee of INR. 9 lakh over a period of one year, which is lesser than 10% of total gross turnover/ income of the said LLP for the year 2022-23. Mr. Farid Lalji Kazani (Independent Director) and his daughter are partners of the said LLP.

b) Criteria of making payments to non-executive directors: The Company has adopted revised policy on making payments to non-executive directors on April 20, 2025 which is disclosed on its website at https://www.capillarytech.com/policies/

c)disclosures with respect to remuneration:

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

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

Sr. No	Name of Director	Commission	Sitting Fee In INR
01.	Mrs. Neelam Dhawan	-	11,00,000
02.	Mr. Farid Lalji Kazani	-	8,00,000
04.	Mr. Venkat Ramana Tadanki	-	9,00,000
05.	Mrs. Yamini Preethi Natti	-	7,00,000

b) Executive Directors:

Sr. No	Name of Director	Salary In INR	Benefits, Perquisites and allowance	Commission	*ESOP (Number of options)
01.	Mr. Anant Choubey Executive Director, Chief operating officer & Chief Financial Officer	1,29,38,068 Per Annum	As per the company policy	Nil	Nil
02.	Mr. Aneesh Reddy Boddu Managing Director & Chief executive officer	1,63,05,752 Per Annum	As per the company policy	Nil	Nil

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

*Allowances, perquisites, amenities, facilities and benefits as per the rules of the Company as applicable to the Executive Director and as may be permitted and approved by

5. GENERAL BODY MEETINGS:

Date	Special Resolutions	Time	Venue
29th September, 2022	1. To approve change in designation/appointment of Mr. Sameer Garde from Independent Director (Non -Executive Director) to Whole Time Director (Executive Director) of the Company and the terms and conditions including appointment of Mr. Sameer Garde as Group C EO. 2. To approve change in designation of Mr. Aneesh Reddy Boddu (DIN: 02214511) from Whole - Time Director & CEO (KMP) to Managing Director (KMP) and Vice - Chairman of the company. 3. Grant of stock options 1% or more of the issued share capital of the company.	10.33 a.m	Video conferencing Deemed venue 36/5, 2nd Floor, Somasandra Palya, adjacent 27 th Main Road, Sector 2, HSR Layout, Bengaluru KA 560102 IN
29th September 2023		11.10 a.m	Video conferencing Deemed venue #360, PID No:101,360, 15th Cross Rd, Sector 4, HSR Layout, Bengaluru, Karnataka 560102

27th September 2024	1. To re -appoint Mr. Farid Lalji Kazani as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from December 10, 2024. 2. To re-appoint Mrs. Neelam Dhawan as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from December 10, 2024 3. To re-appoint Mr. Venkat R Tadanki as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from December 10, 2024 4. To re-appoint Mrs. Yamini Preethi Natti as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from December 10, 2024 5. To re-appoint Mr. Aneesh Reddy Boddu as Managing Director & CEO (KMP) of the Company and fix remuneration 6. To re-appoint Mr. Anant Choubey as Executive Director & COO of the Company and Fix remuneration	11.05 a.m	Video conferencing Deemed venue #360, PID No:101,360, 15th Cross Rd, Sector 4, HSR Layout, Bengaluru, Karnataka 560102

* Special resolutions were passed in the previous three annual general meetings dated 27th September, 2024 and 29th January 2022.

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

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

(d)procedure for postal ballot:- Not applicable

7. MEANS OF COMMUNICATION:

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

8. GENERAL SHAREHOLDER INFORMATION:

i. 13th Annual General Meeting for FY 2025 ("AGM")

Date, Time and Venue of the AGM	May 30, 2025, at 10.30 am (IST), through Video Conferencing/Other Audio Visual Means facility
ISIN	INE0ILV01024
CIN	U72200KA2012PLC063060
Venue	AGM through Video conferencing/ Other Audio Visual Means. Deemed Venue- 360, PID No: 101,360, 15thCross Rd Sector 4, HSR Layout, Bengaluru, Karnataka 560102,
Financial Year	1st April to 31st March
Dividend Payment	Not applicable

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

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

iv. registrar to an issue and share transfer agents;

MUFG Intime India Pvt Ltd.
C 101, 247 Park, Lal Bahadur Shastri Marg, Surya
Nagar, Gandhi Nagar, Vikhroli West, Mumbai,
Maharashtra 400083
Tel: (+ 91 22) 4918 6200
https://in.mpms.mufg.com/

v. share transfer system;- All share of the company are in demat mode, and The requests for effecting transfer / transposition of securities shall not be processed unless the securities are held in the dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

a) Distribution of equity shareholding as on March 31st, 2025:

Number of shares	Holding	Percentage of Capital	Number of accounts	Percentage to total accounts
1-100	148	0.00	4.00	4.49
101-500	0	0.00	0.00	0.00
501-1000	0	0.00	0.00	0.00
1001-5000	26707	0.04	7. 00	7.87
5001-10000	180382	0.25	20.00	22.47
10001-50000	667255	0.91	31.00	34.83
50001-100000	457186	0.62	7.00	7.87
100001-Above	71997460	98.18	20.00	22.47
Total	**73329138**	**100.00**	**89**	**100.00**

b) Categories of equity shareholding as on 31st, 2025:

Category	Number of equity shares held	Percentage of holding
Promoter	4,91,36,656	67.00%
Other Entities of the Promoter Group	-	-
Banks, Financial Institutions, State and Central	-	-
Government	-	-
Insurance Companies	-	-
Foreign Institutional Investors and Foreign Portfolio Investors	-	-
NRI's, OCB's, Foreign Nationals	1,52,63,295	20.81%
Corporate Bodies, Trusts	8,60,487	1.17%
Indian Public and Others	50,05,043	6.82%
Alternate Investment Fund	30,63,657	4.17%
IEPF account	-	-
Total	**7,33,29,138**	**100%**

c) Top ten equity shareholders of the Company as on March 31, 2025:

Sr. No	Name of the shareholders	Number of equity shares	Percentage of holding
01.	Capillary Technologies	4,91,36,656	67.00
02.	Avataar II Co-Investment II	55,24,350	7.53
03.	Avataar Venture Partners II	40,39,041	5.51
04.	Avataar Holdings	32,90,769	4.49
05.	Filter capital India Fund	26,83,935	3.66
06.	Aneesh Reddy Boddu	17,01,681	2.32
07.	Anant Choubey	9,18,732	1.25
08.	Sridhar Bollam	8,02,553	1.09
09.	GGSA Ventures LLP	7,43,591	1.01
10.	Indus Holdings Limited	5,35,715	0.73

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

xiv. outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2025, as such instruments have not been issued in the past.

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

xvi. plant locations: Considering the nature of the Company's business it does not have any plant location. The registered office of the Company is situated at 360, PID No:101,360, 15th Cross Rd, Sector 4, HSR Layout, Bengaluru Karnataka 560102

xvii. address for correspondence:

Capillary Technologies India Limited
360, PID No:101,360, 15th
Cross Rd, Sector 4,
HSR Layout,Bengaluru,
Karnataka 560102,
Tel: 08041225179
Email: secretarial@capillarytech.com

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

9. OTHER DISCLOSURES:

Particulars	Statutes	Details	Website link for details/policy
i. Disclosures on materially significant related party transactions	Regulation 23 of SEBI Listing Regulations and as defined	There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY 2025 were in the ordinary course of business and at arms' length basis and were approved by the members of Audit Committee including Independent Directors.	https://www.capillarytech.com/policies/
ii. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to	Schedule V (c) 10(b) to the SEBI Listing Regulations	NIL	-
iii. Whistle Blower Policy and Vigil Mecha-	Regulation 22 of SEBI Listing Regulations	The Company has adopted this Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of	https://www.capillarytech.com/policies/

iv.details of compliance with mandatory requirements and adoption of the non-mandatory requirements	Schedule V (c) 10(d) to the SEBI Listing Regulations	NA	--
v. web link where policy for determining 'material' subsidiaries is	Schedule V (c) 10(e) to the SEBI Listing Regulations	The Company has adopted the policy on determining material Subsidiaries in accordance with the provisions of applicable laws.	https://www.capillary-tech.com/policies
vi. Policy on Materiality of and dealing with Related Party Transac-	Regulation 16 & 23 of the SEBI Listing Regu-	The Company has adopted revised policy on determining materiality of and dealing with related party transactions on April 20, 2025. which is	https://www.capillary-tech.com/policies/
vii.disclosure of commodity price risks and commodity hedging activities.	Regulation 34 (3) read with Schedule V of the SEBI	The Company does not deal in commodities and hence the disclosure is not required to be given.	--
viii.Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32	Section 42 Read with Section 62(1)(c) of the Companies Act 2013.	The entire proceeds were utilised by your Company for the purpose set out in the offer document.	--

ix.certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority	Schedule V (c) 10(i) to the SEBI Listing Regulations	Not Applicable	--
x.where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:	Schedule V (c) 10(j) to the SEBI Listing Regulations	There were no instances where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.	--
xi.total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part	Schedule V (c) 10(k) to the SEBI Listing Regulations	Total Fees paid to statutory auditors during the year is disclosed in the Annual Report separately (Refer note no. 26 to Financial Statements).	--

xii.disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:	Schedule V (c) 10(i) to the SEBI Listing Regulations	The Company has adopted the Policy on Prevention of Sexual Harassment at Work-place in accordance with the provisions of applicable laws. a. Number of com-plaints pending at the beginning of the year;-Nil b. number of com-plaints filed during the financial year- nil c. number of complaints disposed of during the financial year- nil d. number of com-plaints pending as on end of the financial year-nil	https://www.capillarytech.com/policies/
xiii.disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/compa-nies in which directors are interested by name and amount'	Schedule V (c) 10(m) to the SEBI Listing Regulations	NIL	--
xiv. Details of material subsid-iaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.	Schedule V (c) 10(n) to the SEBI Listing Regulations	Not Applicable	--

10. DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II

NIL

11. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 SHALL BE MADE IN THE SECTION ON CORPORATE GOVERNANCE OF THE ANNUAL REPORT-

Complied to the extant applicable to the Company.

12. DECLARATION SIGNED BY THE CHIEF EXECUTIVE OFFICER STATING THAT THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL HAVE AFFIRMED COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT:-

NOT APPLICABLE

13. COMPLIANCE CERTIFICATE FROM EITHER THE AUDITORS OR PRACTICING COMPANY SECRETARIES REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:-

NOT APPLICABLE

14. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

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

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

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

Sd/-

Aneesh Reddy Boddu
Managing Director and CEO
(DIN: 02214511)
Date: 30/04/2025
Place: Bangalore

Sd/-

Anant Choubey
Executive Director, CFO & COO
(DIN: 06536413)
Date: 30/04/2025
Place: Bangalore

Annexure I

Name of the policy	Brief description	Web link
Code of conduct of Board of Directors and Senior Management Personnel	The Company has adopted the Code of conduct of Board of Directors and Senior Management Personnel in accordance with the provisions of applicable laws. The revised policy was adopted effective from April 20, 2025	https://www.capillarytech.com/policies/
Policy on Materiality of and dealing with Related Party Transactions	The Company has adopted the Policy on Materiality of and dealing with Related Party Transactions in accordance with the provisions of applicable laws. The board of directors vide its resolution dated April 20, 2025 approved to lift the hold on its applicability which was temporarily suspended due to the earlier withdrawal of the IPO process. The revised policy was adopted effective from April 20, 2025 .	https://www.capillarytech.com/policies/
Policy for determining material Subsidiaries	The Company has adopted the Policy for determining material Subsidiaries in accordance with the provisions of applicable laws. The board of directors vide its resolution dated April 20, 2025 approved to lift the hold on its applicability which was temporarily suspended due to the earlier withdrawal of the IPO process. The revised policy was adopted effective from 20 April, 2025	https://www.capillarytech.com/policies/
Dividend Distribution Policy	The Company has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of applicable laws. The policy was adopted effective from November 26, 2021. –	https://www.capillarytech.com/policies/

Fraud Prevention Policy	The Company has adopted the Fraud Prevention Policy in accordance with the provisions of applicable laws. The policy was adopted effective from March 30, 2022.	https://www.capillarytech.com/policies/
Vigil Mechanism Policy	The Company has adopted the Vigil Mechanism Policy to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Compa ny's c ode of conduct etc in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/policies/
Corporate Social Responsibility Policy	The Company has adopted the Corporate Social Responsibility Policy in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/policies/
Insider Trading Prohibition Code	The Company has adopted the code of conduct to regulate, monitor and report trading in securities of the company & Fair disclosure code in accordance with the provisions of applicable laws. The board of directors vide its resolution dated April 20, 2025 approved to lift the hold on its applicability which was temporarily suspended due to the earlier withdrawal of the IPO process. The revised policy was adopted effective from 20 April, 2025.	https://www.capillarytech.com/policies/
Nomination and Remuneration Policy	The Company has adopted the Nomination and Remuneration Policy in accordance with the provisions of applicable laws.	https://www.capillarytech.com/policies/

Policy on Diversity of Board of Directors	The Company has adopted the Policy on Diversity of Board of Directors in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021.	https://www.capillarytech.com/policies/
Risk Management Policy	The Company has adopted the Risk Management Policy in accordance with the provisions of applicable laws. The policy was adopted effective from November 20, 2021	https://www.capillarytech.com/policies/
Policy on Familiarisation Programmes for Independent Directors	The Company has adopted the Policy on Familiarisation Programmes for Independent Directors in accordance with the provisions of applicable laws. The policy was adopted effective from September 02, 2022	https://www.capillarytech.com/policies/
Policy for Performance Evaluation of Board	The Company has adopted the Policy for Performance Evaluation of Board in accordance with the provisions of applicable laws. The policy was adopted effective from September 02, 2022	https://www.capillarytech.com/policies/
Policy of Prevention Of Sexual Harassment at Workplace	The Company has adopted the Policy of POSH at Workplace in accordance with the provisions of applicable laws. The revised policy was adopted effective from 20 April,2025	https://www.capillarytech.com/policies/
Succession Policy for Board and Senior Management	The Company has adopted the Succession Policy for Board and Senior Management in accordance with the provisions of applicable laws. The policy was adopted effective from September 02, 2022	https://www.capillarytech.com/policies/

Policy on Preservation of Documents and Archival Policy	The Company has adopted the Policy on Preservation of Documents and Archival Policy in accordance with the provisions of applicable laws. The policy was adopted effective from February 02, 2023. The board of directors vide its resolutio dated April 20, 2025 approved to lift th hold on its applicability which was temporarily suspended due to the earlie withdrawal of the IPO process.	https://www.capillarytech.com/policies
Policy for Determining & Reporting of Material Event	The Company has adopted the Policy for Determining & Reporting of Material Event in accordance with the provisions of applicable laws. The policy was adopted effective from February 02, 2023. The board of directors vide its resolutio dated April 20, 2025 approved to lift th hold on its applicability which was temporarily suspended due to the earlie withdrawal of the IPO process	https://www.capillarytech.com/policies
Policy on Criteria for payment to NED	The Company has adopted the Policy on critirea for payment to NED in accordance with the provisions of applicable laws. The revised policy was adopted effective from April 20, 2025.	https://www.capillarytech.com/policies/
Environmental, Social and Governance Policy	The company has adopted the environmental, social and Governance policy in accordance with the provisions of applicable laws. The policy was adopted effective from August 27th , 2024.	https://www.capillarytech.com/policies/
Business Responsibility Policy	The company has adopted the Business Responsibility policy in accordance with the provisions of	https://www.capillarytech.com/policies/

On behalf of board of Directors

For capillary technologies India limited

Sd/ -	Sd/ -
Aneesh Reddy Boddu	**Anant Choubey**
Managing Director and CEO	**Executive Director,CFO & COO**
(DIN: 02214511)	**(DIN: 06536413)**
Date: 30/04/2025	**Date: 30/04/2025**
Place: Bangalore	**Place: Bangalore**

Annexure -II

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

Part A Subsidiaries

Sr. No.	Name of the subsidiary(ies)	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital (in millions)	Reserves and surplus (in millions)	Total assets (in millions)	Total Liabilities (in millions)	Investments (in million)	Turnover (in Million)	Profit before taxation (in million)	Provision for taxation (in million)	Profit after taxation (in million)	Proposed Dividend (in million)	Extent of shareholding (in percentage)
01.	Capillary Pte. Ltd. ("CPL")	Aug 30, 2021	NA	SGD !"#!$%	2785.10	195.72	5238.34	5238.34	3039.80	857.23	26.05	nil	26.05	Nil	100 %
02.	Capillary Technologi es LLC (Formerly known as Persuade Loyalty LLC)	Sep 1, 2021	NA	USD 85.424	964.17	1608.24	3319.75	3319.75	1068.71	2241.95	(417.80)	(13.04)	(430.84)	Nil	100%
03.	Capillary Technologi es DMCC ("Capillary Dubai")	Nov 22, 2021	NA	AED 23.2797	42.63	(129.23)	133.34	133.34	NIL	311.42	9.34	0.06	9.29	Nil	100%
04.	Capillary Technologi es (Malaysia) SDN BHD	Nov 22, 2021	NA	MYR 19.2691	8.68	(85.15)	4.15	4.15	NIL	49.16	0.32	NIL	0.32	Nil	100%
05.	PT Capillary Technologi es Indonesia	Nov 22, 2021	NA	IDR 0.00513	1.59	(46.99)	21.30	21.30	NIL	44.63	1.34	NIL	1.34	NIL	100%
06.	Capillary Technologi es Europe Limited (Formerly Known as Brierley Europe Limited)	May 01, 2023	NA	GBP 110.383	40.42	52.70	286.28	286.28	NIL	917.23	(27.52)	1.66	(25.86)	NIL	100%
07.	Capillary Brierley Inc. (Formerly Known as Brierley & Partners Inc.)	April 01, 2023	NA	USD 85.424	NIL	(218.51)	531.05	531.05	NIL	1376.04	166.43	NIL	166.43	NIL	100%
08.	Capillary Technologies Inc, USA	April 01, 2023	NA	USD 85.424	0.82	14.46	119.58	119.58	NIL	67.35	(1.81)	NIL	(1.81)	NIL	100%

Part B Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

NIL

Sd/ -

Aneesh Reddy Boddu
Managing Director and CEO
(DIN: 02214511)
Date: 30/04/2025
Place: Bangalore

Sd/ -

Anant Choubey
Executive Director,CFO & COO
(DIN: 06536413)
Date: 30/04/2025
Place: Bangalore

ANNEXURE - III

FORM NO. AOC -2

(Pursuant to clause (h) of sub -section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's Length

Sr. No.	Particulars	Details
1	Name(s) of the related party and nature of relationship	NA
2	Nature of contracts/arrangements/transactions	NA
3	Duration of the contracts /arrangements/transactions	NA
4	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
5	Justification for entering into such contracts or arrangements or transactions .	NA
6	date(s) of approval by the Board	NA
7	Amount paid as advances, if any:	NA
8	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

2. Details of contracts or arrangements or transactions at Arm's length basis

Name(s) of the related Party	Nature of relationship	Nature of contract /Arrangement	Duration of the contract	Salient terms of contract	Date of approval by the board	Ammount paid as advance (INR Millions)
Capillary Pte Ltd.	Subsidiary company	Service income	Apr 2024 March 2025	Ordinary course of business	May 14 th 2024	1252.09
Capillary Pte Ltd.	Subsidiary company	Investment in unquoted equity shares	Apr 2024- March 2025	Ordinary course of business	May 14 th 2024	1282.05
Capillary Pte Ltd.	Subsidiary company	Expenditu re incurred on behalf of the CPL by Capillary India.	Apr 2024- March 2025	Ordinary course of business	May 14 th 2024	4.87

Capillary Pte Ltd.	Subsidiary company	Expenditure incurred by CPL on behalf of Capillary India.	Apr 2024- March 2025	Ordinary course of business	May 14 th 2024	160.37
Capillary Technologies LLC(Formerly Known as Persuade Loyalty LLC)	Step down subsidiary	Expenditure incurred on behalf of the CTL by Capillary India.	Apr 2024- March 2025	Ordinary course of business	May 14 th 2024	193.78
Capillary Technologies LLC(Formerly Known as Persuade Loyalty LLC)	Step down subsidiary	Expenditure incurred by CTL on behalf of Capillary India.	Apr 2024- March 2025	Ordinary course of business	May 14 th 2024	211.22

On behalf of Board of Directors
For Capillary Technologies India Limited

Sd/ -

Aneesh Reddy Boddu
Managing Director and CEO
(DIN: 02214511)
Date: 30/04/2025
Place: Bangalore

Sd/ -

Anant Choubey
Executive Director,CFO & COO
(DIN: 06536413)
Date: 30/04/2025
Place: Bangalore

BMP & Co.
COMPANY SECRETARIES

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2025

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To,

The Members,

Capillary Technologies India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Capillary Technologies India Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place; to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2025 according to the provisions of:

BMP & Co. LLP
Regd. Off: 4th Floor, Aishwarya Sampurna, 79/1, Vani Vilas Road, Basavanagudi, Bengaluru - 560004,
: 9900901974 : biswajit@bmpandco.com Web : www.bmpandco.com, LLPIN: AAI-4194

i. The Companies Act, 2013 ('the Act') and the Rules made thereunder.
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder to the extent of its applicability to an unlisted Company;
iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - Not applicable as Company is a Public (Unlisted) Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; - Not Applicable as Company is a Public (Unlisted) Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that: -

vi. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act The Companies Act, 2013 ('the Act') and the Rules made thereunder.
vii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder to the extent of its applicability to an unlisted Company;
viii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
ix. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

x. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - Not applicable as Company is a Public (Unlisted) Company.

We have also examined compliance with the applicable clauses of the following:

(iii)Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

(iv)The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; - Not Applicable as Company is a Public (Unlisted) Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and necessary consent of Board Members have been sought when the meetings have been called at a shorter notice and a system
exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations, and guidelines;

As informed, the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

There are no other specific events/actions in pursuance of the above referred laws, rules, regulations guidelines etc., having a major bearing on the Company's Affairs.

We further report that during the audit period,

1. The Company had allotted 94,785 (Ninety Four Thousand Seven Hundred and Eighty Five) Equity Shares on preferential offer through Private Placement basis.

Place: Bangalore
Date: 30/04/2025
UDIN: F007834G000242189

For BMP & Co. LLP
LLPIN: AAI-4194
Company Secretaries

CS Pramod S M
Designated Partner
FCS No: 7834
CP. No.: 13784
PR No: 6387/2025

Enclosure: Annexure A is accompanied with this certificate.

'Annexure A'

To,

The Members,

Capillary Technologies India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. The Audit was conducted in accordance with the applicable standards.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Director of the Company, in our opinion adequate systems, process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.

9. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BMP & Co. LLP
LLPIN: AAI-4194
Company Secretaries

CS Pramod S M
Designated Partner
FCS No: 7834
CP. No.: 13784
PR No: 6387/2025

Place: Bangalore
Date: 30/04/2025
UDIN: F007834G000242189

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
5th Floor, No.65/2, Block "A",
Bagmane Tridib, Bagmane
Tech Park, C V Raman Nagar,
Bengaluru
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Independent Auditor's Report

To the Members of Capillary Technologies India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Capillary Technologies India Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow, the Standalone Statement of Changes in Equity for the year then ended and notes to the standalone financial statements including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Standalone Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors are responsible for the other information. Other information does not include the standalone financial statements and our auditor's report thereon

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

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

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

8. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

9. As part of an audit in accordance with Standards on Auditing, specified under Section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the 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. Under Section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

10. 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.

Report on Other Legal and Regulatory Requirements

11. As required by Section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

12. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. Further to our comments in Annexure I, as required by Section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in paragraph 13(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 (as amended). Further, the back-up of the books of accounts and other books and papers of the Company maintained in electronic mode has not been maintained on servers physically located in India, on a daily basis;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act;

    f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 13(b) of above on reporting under Section 143(3)(b) of the Act and paragraph 24(j)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2025 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and

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

i. the Company does not have any pending litigations which would impact its financial position as at 31 March 2025;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2025

iv.

a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 38 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 38 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. The Company has not declared or paid any dividend during the year ended 31 March 2025.

vi. Based on our examination which included test checks, except for instance mentioned below, the Company, in respect of financial year commencing on or after 1 April, 2023, has used accounting software for maintaining its books of accounts which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below and furthermore, except for matters mentioned below, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

The Company has used an accounting software operated by a third-party service provider for maintenance of accounting records. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Reports on the Description of Controls, their Design and Operating Effectiveness' ['Type 2 report'] issued in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and ISAE 3402, Assurance Reports on Controls at a

Service Organization], we are unable to comment on whether the audit trail feature with respect to the database of this software was enabled and operated throughout the year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 25210122BMONBG9525

Bengaluru
30 April 2025

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

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

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

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

(b) The Company has a regular programme of physical verification of its property, plant and equipment and right-of-use assets under which the assets are physically verified in a phased manner over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has adopted the cost model for its Property, Plant and Equipment (including right-of-use assets) and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and Rules made thereunder.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in Note 15 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crores by banks based on the security of current assets. The monthly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit.

(iii) The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans to companies, firms, or limited liability partnerships during the year. Further, the Company has made investments in and granted unsecured loans to companies during the year, in respect of which:

(a) The Company has made investment in a subsidiary and provided loan to others during the year as per details given below:

Particulars	Investments	Loans
Aggregate amount granted during the year **(₹ in million):**		
- Subsidiaries	1,309.94	-
- Others	-	399.99
Balance outstanding as at balance sheet date **(₹ in million):**		
- Subsidiaries	4,173.87	-
- Others	-	-

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

(b) The Company has not provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. Further, in our opinion, and according to the information and explanations given to us, the investments made are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated, and the repayments or receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has not granted any loans which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans that existed as at the beginning of the year.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under Section 185 of the Act.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government of India has not specified maintenance of cost records under sub Section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, we report that there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

(viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has made private placement of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of Section 42 and Section 62 of the Act and the rules framed thereunder with respect to the same. Further, the amounts so raised have been utilised by the Company for the purposes for which these funds were raised.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-Section 12 of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under Section 133 of the Act.

(xiv) (a) According to the information and explanations given to us, the Company is not required to and consequently, does not have an internal audit system as per the provisions of Section 138 of the Act. However, the Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of Section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred cash losses in the current financial year but had incurred cash losses amounting to ₹ 279.12 million in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not meet the criteria as specified under sub-section (1) of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 25210122BMONBG9525

Bengaluru
30 April 2025

Annexure II to the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013('the Act')

1. In conjunction with our audit of the standalone financial statements of Capillary Technologies India Limited ('the Company') as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Annexure II to the Independent Auditor's Report of even date to the members of Capillary Technologies India Limited on the standalone financial statements for the year ended 31 March 2025

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2025, based on internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 25210122BMONBG9525

Bengaluru
30 April 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number :U72200KA2012PLC063060
Standalone Balance Sheet as at March 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

	Notes	As at March 31, 2025	As at March 31, 2024
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	29.09	19.76
(b) Intangible assets	4	700.65	526.61
(c) Right-of-use assets	3	32.51	28.13
(d) Intangible assets under development	4	-	31.10
(e) Financial assets			
(i) Investments	5	4,173.88	2,863.93
(ii) Other financial assets	6	225.84	121.16
(f) Other tax assets	7	79.88	43.06
(g) Other non-current assets	12	0.69	0.88
Total non-current assets		**5,242.54**	**3,634.63**
(2) Current assets			
(a) Financial assets			
(i) Investments	8	-	699.25
(ii) Trade receivables	9	444.53	433.26
(iii) Cash and cash equivalents	10	107.85	603.53
(iv) Loans	11	-	399.99
(v) Other financial assets	6	46.78	105.69
(b) Other current assets	12	78.88	45.40
Total current assets		**678.04**	**2,287.12**
Total assets		**5,920.58**	**5,921.75**
II Equity and liabilities			
(1) Equity			
(a) Equity share capital	13	146.65	146.46
(b) Other equity	14	4,630.54	4,508.07
Total equity		**4,777.19**	**4,654.53**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	-	29.92
(ii) Lease liabilities	16	12.02	8.01
(b) Provisions	17	67.55	54.48
Total Non-current Liabilities		**79.57**	**92.41**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	517.38	727.84
(ii) Lease liabilities	16	21.15	21.11
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises;	18	13.23	73.95
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	398.98	197.87
(iv) Other financial liabilities	19	51.36	72.31
(b) Other current liabilities	20	45.89	64.44
(c) Provisions	17	15.83	17.29
Total current liabilities		**1,063.82**	**1,174.81**
Total liabilities		**1,143.39**	**1,267.22**
Total equity and liabilities		**5,920.58**	**5,921.75**
Summary of material accounting policies	2.3		

The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru
Date: April 30, 2025

Aneesh Reddy
Managing Director & CEO
DIN: 02214511
Place: Bengaluru
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership No: A17091
Place: Bengaluru
Date: April 30, 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number :U72200KA2012PLC063060
Standalone Statement of Profit and Loss for the year ended March 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

		Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
I	**Income**			
	Revenue from operations	21		
	- Service income from group companies		1,252.09	656.36
	- Retainership and other services		419.73	468.42
	- Installation revenue		53.04	38.32
	- Revenue from campaign services on a principal basis (refer note 21 (a))		-	262.69
	- Revenue from campaign services on an agent basis (refer note 21 (a))		16.05	-
	Other income	22	122.37	84.68
	Total income (I)		**1,863.28**	**1,510.47**
II	**Expenses**			
	Cost of campaign services (refer note 21 (b))		-	239.58
	Professional and consultancy expenses		205.41	224.99
	Software and server charges		137.61	137.09
	Employee benefit expenses	23	959.34	914.80
	Other expenses	26	105.09	101.86
	Total expenses (II)		**1,407.45**	**1,618.32**
III	**Earnings before interest expense, taxes, depreciation and amortisation (EBITDA)**		**455.83**	**(107.85)**
	Finance costs	24	66.06	162.67
	Depreciation and amortisation expenses	25	354.71	252.82
			420.77	415.49
IV	**Profit/ (loss) before tax**		**35.06**	**(523.34)**
V	**Tax expenses**			
	(a) Current tax	27	-	-
	(b) Deferred tax charge	27	-	-
	Total tax expenses		-	-
VI	**Profit/ (loss) for the year (IV - V)**		**35.06**	**(523.34)**
VII	**Other comprehensive loss**			
	Items that will not to be reclassified to profit or loss:			
	(i) Re-measurement loss on defined benefit plan		(4.24)	(4.06)
	Income tax effect on above		-	-
	Total other comprehensive loss for the year (net of tax) (VII)		**(4.24)**	**(4.06)**
VIII	**Total comprehensive income / (loss) for the year (net of tax) (VI + VII)**		**30.82**	**(527.40)**
IX	**Earnings / (loss) per share (EPS)** (face value - ₹ 2 each)			
	Basic (₹ per share)	28	0.48	(9.30)
	Diluted (₹ per share)	28	0.47	(9.30)

Summary of material accounting policies 2.3
The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru
Date: April 30, 2025

Aneesh Reddy
Managing Director & CEO
DIN: 02214511
Place: Bengaluru
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership No: A17091
Place: Bengaluru
Date: April 30, 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number :U72200KA2012PLC063060
Standalone Statement of Changes in Equity for the year ended March 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

A. Equity share capital

	Number of shares (in millions)	Amount
Balance at April 1, 2023	**52.89**	**105.79**
Issuance of share capital (refer note 13(a)[2])	2.76	5.51
Issue of rights shares (refer note 13(a)[3])	11.05	22.10
Conversion of External Commercial Borrowings ECBs) into fully paid shares (refer note 13(a)[4])	0.44	0.87
Conversion of convertible instruments (refer note 13(a)[5])	5.52	11.05
Exercise of share-based options (refer note 13(a)[6])	0.57	1.14
As at March 31, 2024	**73.23**	**146.46**
Issuance of share capital (refer note 13(a)[1])	0.09	0.19
As at March 31, 2025	**73.32**	**146.65**

B. Other equity

	Attributable to the equity shareholders - Reserves and surplus				
	Retained earnings	**Capital contribution from the Holding Company**	**Securities premium**	**Share based payment reserve**	**Total other equity**
Balance as at April 1, 2023	**(2,446.47)**	**928.58**	**2,573.86**	**888.59**	**1,944.56**
Loss for the year	(523.34)	-	-	-	(523.34)
Other comprehensive loss for the year (net of taxes)*	(4.06)	-	-	-	(4.06)
Total comprehensive loss for the year	**(527.40)**	-	-	-	**(527.40)**
Contributions and distributions					
Issuance of share capital (refer note 13(a)[2])	-	-	844.49	-	844.49
Issue of rights shares (refer note 13(a)[3])	-	-	464.19	-	464.19
Conversion of ECB's into fully paid equity shares (refer note 13(a)[4])	-	-	133.13	-	133.13
Conversion of convertible instruments (refer note 13(a)[5])	-	-	1,690.45	-	1,690.45
Exercise of share based options (refer note 13(a)[6])	-	-	174.63	(174.31)	0.32
Share based payment expenses (refer notes 23 and 30)	-	-	-	32.87	32.87
Surrender of share based options and re-purchase, net	-	-	-	(97.25)	(97.25)
Capital contribution in subsidiaries (refer notes 5 and 33)	-	-	-	22.71	22.71
Total contributions and distributions	-	-	**3,306.89**	**(215.98)**	**3,090.91**
Balance as at March 31, 2024	**(2,973.87)**	**928.58**	**5,880.75**	**672.61**	**4,508.07**
Profit for the year	35.06	-	-	-	35.06
Other comprehensive loss for the year (net of taxes)*	(4.24)	-	-	-	(4.24)
Total comprehensive profit for the year	**30.82**	-	-	-	**30.82**
Contributions and distributions					
Issuance of share capital (refer note 13(a)[1])	-	-	49.73	-	49.73
Share based payment expenses (refer notes 23 and 30)	-	-	-	46.03	46.03
Surrender of share based options and re-purchase, net	343.18	-	-	(375.20)	(32.02)
Capital contribution in subsidiaries (refer notes 5 and 33)	-	-	-	27.91	27.91
Total contributions and distributions	**343.18**	-	**49.73**	**(301.26)**	**91.65**
Balance as at March 31, 2025	**(2,599.87)**	**928.58**	**5,930.48**	**371.35**	**4,630.54**

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

The accompanying notes are an integral part of these Standalone Financial Statements

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru
Date: April 30, 2025

Aneesh Reddy
Managing Director & CEO
DIN: 02214511
Place: Bengaluru
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership No: A17091
Place: Bengaluru
Date: April 30, 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number :U72200KA2012PLC063060
Standalone Statement of Cashflow for the year ended March 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Cash flow from operating activities		
Profit / (Loss) before tax	**35.06**	**(523.34)**
Adjustments for :		
Depreciation and amortisation expenses (refer note 25)	354.70	252.82
Loss allowances under expected credit loss model	(1.12)	4.30
Share-based payments (refer note 23)	41.91	22.46
Liabilities no longer required, written back	-	(1.23)
Profit on sale of investments (refer note 22)	(50.13)	(17.55)
Fair value change in financials assets measured at fair value through statement of profit and loss	-	(9.59)
Gratuity expenses	-	17.14
Net gain on sale of property, plant and equipment	0.24	(0.51)
Unrealized exchange loss/(gain) on foreign currency translations (net)	18.10	(74.56)
Interest income on income tax refund (refer note 22)	(2.05)	(2.58)
Interest income on corporate deposit (refer note 22)	25.18	(6.50)
Interest income on bank deposit and security deposit	(11.87)	(11.74)
Finance costs	60.84	161.74
Operating profit before working capital changes	**470.86**	**(189.14)**
Working capital adjustments :		
(Increase)/Decrease in trade receivables	(28.25)	428.41
(Increase)/Decrease in other assets, including financial assets	0.44	566.90
Increase/(Decrease) in trade payable, other liabilities, other financial liabilities and Provisions	110.10	(353.84)
Cash generated from operating activities	**553.15**	**452.33**
Direct taxes (paid)/refund	(34.77)	10.05
Net cash generated from operating activities (A)	**518.38**	**462.38**
B. Cash flow from investing activities		
Purchase of property, plant and equipment including intangible assets	(477.29)	(698.85)
Proceeds from sale of property, plant and equipment	-	1.44
Purchase of non-current investments	-	(856.44)
Sale / (Purchase) of current investment, net	749.37	(672.11)
Corporate deposits placed	(400.00)	(399.99)
Proceeds from redemption of corporate deposits	799.99	-
Investments in subsidiary	(1,282.05)	-
Change in other bank balances	(92.81)	12.25
Net cash used in investing activities (B)	**(702.79)**	**(2,613.70)**
C. Cash flow from financing activities		
Proceeds from issue of share capital, (including security premium)	49.92	1,337.76
Proceeds from issue of Compulsory Convertible Debentures (CCDs)	-	1,701.50
Proceeds from issue of Non Convertible Debentures (NCDs)	-	50.00
Repayment of Non Convertible Debentures (NCDs)	(352.48)	(237.89)
Repayment of long-term borrowings	-	(366.82)
Payment of principal and interest portion of lease liabilities (refer note 31)	(28.90)	(20.73)
Proceeds / (repayment) from current borrowings (net)	110.27	128.89
Finance costs paid	(58.06)	(160.52)
Surrender /re-purchase of share based options, net	(32.02)	(97.08)
Net cash used in/ generated by financing activities (C)	**(311.27)**	**2,335.11**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(495.68)	183.79
Cash and cash equivalents at the beginning of the year	603.53	419.74
Cash and cash equivalents at the end of the year	**107.85**	**603.53**
Components of cash and cash equivalents		
Balances with banks	107.85	603.53
Total cash and cash equivalents (refer note 10)	**107.85**	**603.53**

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)	352.48	(352.48)	-	-
Current borrowings (excluding current maturities)	405.28	110.27	1.83	517.38

	As at April 1, 2023	Cashflows	Non-cash movement	As at March 31, 2024
Non-current borrowings (including current maturities)	1,060.42	(554.71)	(153.23)	352.48
Current borrowings (excluding current maturities)	276.39	128.89	-	405.28

Summary of material accounting policies 2.3

The above standalone statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7,"Statement of cash flows".
The accompanying notes are an integral part of these Standalone Financial Statements.

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru
Date: April 30, 2025

Aneesh Reddy
Managing Director & CEO
DIN: 02214511
Place: Bengaluru
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership No: A17091
Place: Bengaluru
Date: April 30, 2025

1. Corporate Information

Capillary Technologies India Limited ("the Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at #360 bearing PID No 101, 360, 15th Cross Rd, Sector 4, HSR Layout, HSR Layout, Bangalore, Bangalore South, Karnataka, India, 560102.

The Company are primarily engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators.

The Standalone Financial Statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the Directors on April 30, 2025.

2. Basis of preparation of standalone financial Statements

2.1 Basis of preparation

The Standalone Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind As) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provision of the Companies Act, 2013, as applicable. Accordingly, the Company has prepared these standalone financial statements which comprise the Standalone Balance Sheet as at March 31, 2025, the Standalone Statement of Profit and Loss, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year ended March 31, 2025, and a summary of material accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements').

The Standalone Financial Statements have been prepared using the material accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

The Standalone Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

The Company has prepared the Standalone Financial Statements on the basis that it will continue to operate as a going concern.

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 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, tax expenses/ (credit), net and exceptional items, if any.

2.2 Statement of compliance with Ind AS

The 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).

2.3 Summary of Material accounting policies

a. Current versus non-current classification

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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as
Current and non- current.

2.3 Summary of Material accounting policies (cont'd)

b. Fair value measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For assets and liabilities that are recognised in the Standalone 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)

c. Revenue recognition

Revenue from operations is recognised when control of the 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:

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

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) Retainership services
The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions. Revenue is recognized over the specified subscription period or on the basis of underlying services performed, as the case may be, in accordance with the arrangement with the customers. The Company recognises revenue for a sales-based or usage-based royalty promised in the contract only when (or as) the subsequent sale or usage occurs.

(ii) Campaign services
The Company provides SMS campaign services that are bundled together with the retainer services. The Company recognises revenue based on the usage of messaging services i.e., when the Company's services are used based on the specific terms of the contract with customers.
The Company recognises revenue either on a gross or net basis depending on the nature of its role in the transaction, in accordance with Ind AS 115. Revenue is recorded on a gross basis when the Company acts as a principal in the transaction, meaning it has control over the services before they are transferred to the customer.
Revenue is recorded on a net basis when the Company acts as an agent, facilitating a transaction between a supplier and the customer. In this case, the revenue is recorded as the net amount retained after deducting the cost of services provided by the supplier.
The determination of whether revenue is recognised on a gross or net basis is assessed on a transaction-by-transaction basis, considering specific terms and conditions of each arrangement

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

(iii) Installation services (cont'd)

In contracts with customers where the retainership, campaign services and installation services are bundled together, the Company has applied the guidance in Ind AS 115 by applying the revenue recognition criteria for each distinct performance obligation. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract and its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price.

The Company has assessed its revenue arrangements based on the substance of the transaction and business model against specific criteria to determine if it is acting as principal or agent.

(iv) Service income from Group Companies
The Company has appointed subsidiaries as Limited Risk Distributor to sell, use and offer to sale, display and market the platform in their territories. The Company has agreed to maintain an agreed upon profitability in the subsidiaries for the revenue derived from the Capillary Loyalty Platform.

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 other 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.

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 (l) Financial instruments – initial recognition and subsequent measurement below

Trade receivables

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

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 Standalone Statement of Profit and 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 relates less the costs that relate directly to providing the services 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.

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).

d. Taxes on income

Current income tax

Tax expense for the period comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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 Standalone Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

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

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

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

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

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

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

e. Property, plant and equipment

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 Standalone Statement of Profit and 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 assets are derecognised when replaced. All other repairs and maintenance are charged to Standalone Statement of 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 written down value over 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	Office equipment	5
2	Computers	3

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

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

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

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

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the effect of any change in the estimate being accounted for on a prospective basis. The amortisation expense on intangible assets is recognised in the Standalone Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

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

Internally generated intangible assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Standalone Statement of Profit and Loss in the year in which the expenditure is incurred.

Software product development are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the cost can be measured reliably. The costs which can be capitalised including the cost of employees and overhead costs that are directly attributable to preparing the asset for its intended use.

Internally generated intangible assets (cont'd)
The Company has identified certain intangibles which are being internally generated. In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Company had completed the research and acceptance phase and the projects are in the development phase. The Company has done evaluation of the internally generated software and concluded on being treated as intangible assets. Refer note 4 for further disclosure.

Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of three years. Amortisation expense is recognised in the Standalone Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

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

Sl. No.	Block	Useful lives estimated by the management (in years)
1	Computer software	5
2	Internally generated intangible assets	3

Patent

Patents and licenses are measured on initial recognition at professional charges incurred on registration of such patents in connection with the Company customer servicing methodology and if the registration of the patent is under progress, the same is recognised as Intangible assets under development.

g. Borrowing costs

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

h. Leases

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

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

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

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

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

Lease liabilities

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

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

Short term leases and leases of low-value assets

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

i. Impairment of non-financial assets

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

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

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

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the 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.

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 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 Standalone Statement of Profit and Loss.

j. Provisions and contingent liabilities

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

k. Retirement and other employee benefits

Short-term employee benefits

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in Standalone Statement of Profit and Loss in the period in which the employee renders the related service.

k. Retirement and other employee benefits (cont'd)

Defined contribution plans

Eligible employees of the Company in India participate in a defined contribution plan (Provident Fund) in accordance with the regulatory requirements in India. Both the employee and the Company contribute to the fund at a specified percentage of the employee's salary

The Company has no further obligation under defined contribution plans beyond the contributions made under these plans.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees
at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

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

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

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

l. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities 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 Standalone Statement of Profit and Loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through Standalone Statement of Profit and 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 profit or 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 Standalone Statement of Profit and Loss.

For trade receivables only, the Company recognises expected lifetime losses using the simplified approach permitted by Ind AS-109, from initial recognition of the receivables.

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.

(i) Financial assets (cont'd)

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 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.

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 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 Standalone Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m. Segment reporting

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

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

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

n. Cash and cash equivalents

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

o. 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 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

o. Share-based payments (cont'd)

Standalone Statement of Profit and Loss for a period 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.

p. Foreign currencies

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Standalone Statement of Profit and Loss.

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

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

r. Initial Public Offering (IPO) Transaction cost

The costs of an IPO that involves both issue and listing of new shares and listing the existing equity shares has been accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares has been deferred until successful completion of IPO upon which it shall be deducted from equity (net of any income tax benefit).
- Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, has been recorded as an expense in the standalone statement of profit and loss as and when incurred.
- Costs that relate to both share issuance and listing has been allocated between those functions on a rational and consistent basis i.e. based on proportion of new shares issued to the total number of (new and existing) shares listed.

2.4 Material accounting judgements, estimates and assumptions

The preparation of the Company's Standalone Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

(i) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the Standalone Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Estimates and assumptions (cont'd)

a. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Standalone Balance Sheet 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 35 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 32 for further disclosures.

c. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plan operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 29.

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 9(1).

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 31 for further disclosures.

f. Share-based payments

The Company measures the cost of equity settled transactions with employees at the grant date using a Black Scholes model for General Employee Share Option Plan (GESP) and 'Capillary Employees Stock Option Scheme' - 2021 (CESP). This estimation also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, risk free interest rate, volatility, dividend yield and time value of money and making assumptions about them. The assumptions and model used for estimating the fair value of the share based payments are disclosed in note 30.

g. Capitalisation of internally generated software

The Company has identified certain intangibles which are being internally generated. In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.
The Company had completed the research and acceptance phase and the projects are in the development phase. The Company has done evaluation of the internally generated software and concluded on being treated as intangible assets. Refer note 4 for further disclosure.

h. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 27 for further disclosures.

The Company has carried forwarded tax losses. The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

i. Cash flow statement

Cash flows are reported using indirect method, whereby net profits/ (loss) 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.

2.5 Recent accounting pronouncement

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. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions. The Company has reviewed the new pronouncements and based on its evaluation has determined that it is not applicable to the Company.

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

3 Property, Plant and Equipment and Right of use assets

A. Reconciliation of carrying amounts

Particulars	Right of use of assets	Property, Plant and Equipment			
	Buildings	Computers	Office equipments	Leasehold improvements	Total
Gross block					
As at April 1, 2023	**33.68**	**39.16**	**1.34**	**0.56**	**41.06**
Additions during the year	38.58	19.88	1.25	-	21.13
Disposals during the year	(12.63)	(18.49)	-	-	(18.49)
As at March 31, 2024	**59.63**	**40.55**	**2.59**	**0.56**	**43.70**
Additions during the year	31.99	28.71	1.62	-	30.33
Disposals during the year	-	(3.43)	(0.92)	-	(4.35)
As at March 31, 2025	**91.62**	**65.83**	**3.29**	**0.56**	**69.68**
Accumulated depreciation					
As at April 1, 2023	**21.05**	**26.65**	**0.37**	**0.56**	**27.58**
Charge for the year	18.69	13.28	0.64	-	13.92
Disposals for the year	(8.24)	(17.56)	-	-	(17.56)
As at March 31, 2024	**31.50**	**22.37**	**1.01**	**0.56**	**23.94**
Charge for the year	27.61	19.69	1.08	-	20.77
Disposals for the year	-	(3.29)	(0.83)	-	(4.12)
As at March 31, 2025	**59.11**	**38.77**	**1.26**	**0.56**	**40.59**
Carrying amounts					
As at March 31, 2024	**28.13**	**18.18**	**1.58**	-	**19.76**
As at March 31, 2025	**32.51**	**27.06**	**2.03**	-	**29.09**

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

4 Intangible assets and Intangible assets under development ("IAUD")

A. Reconciliation of carrying amounts

Particulars	Computer software	Internally generated assets	Total	Intangible asset under development*
Gross block				
As at April 1, 2023	5.90	586.49	592.39	54.97
Additions during the year	0.58	324.69	325.27	17.81
Disposals during the year	-	-	-	-
Capitalization during the year		41.68	41.68	(41.68)
As at March 31, 2024	6.48	952.86	959.34	31.10
Additions during the year	-	271.68	271.68	177.59
Disposals during the year	-	-	-	-
Capitalization during the year	-	208.69	208.69	(208.69)
As at March 31, 2025	6.48	1,433.23	1,439.71	-
Accumulated amortisation				
As at April 1, 2023	4.84	207.68	212.52	-
Charge for the year	0.62	219.59	220.21	-
Disposals for the year	-	-	-	-
As at March 31, 2024	5.46	427.27	432.73	-
Charge for the year	0.44	305.89	306.33	-
Disposals for the year	-	-	-	-
As at March 31, 2025	5.90	733.16	739.06	-
Carrying amounts				
As at March 31, 2024	1.02	525.59	526.61	31.10
As at March 31, 2025	0.58	700.07	700.65	-

a. Internally generated intangible assets capitalised and intangible assets under development comprise of the following:

Particulars	For the year ended March 31, 2025	
	Internally generated assets[1]	Intangible asset under development
Salaries, wages and bonus	265.36	50.38
Share-based payments	9.04	-
Software and server charges	47.66	-
Professional and consultancy expenses	158.31	127.21
	480.37	177.59

Particulars	For the year ended March 31, 2024	
	Internally generated assets[1]	Intangible asset under development
Salaries, wages and bonus	225.52	-
Share-based payments	10.24	-
Software and server charges	71.12	-
Professional and consultancy expenses	59.49	17.81
	366.37	17.81

[1]Includes ₹ 208.69 million (March 31, 2024: ₹ 41.68 million) from Intangible assets under development.

b. Intangible asset under development (IAUD) ageing schedules

As at March 31, 2025
Not applicable

As at March 31, 2024

Particulars	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress	17.81	13.29	-	-	31.10
	17.81	13.29	-	-	31.10

There are no projects on each reporting period where activity has been suspended considering the nature of Intangible asset under development and there are no projects as on the reporting period which has exceeded cost as compared to the original plan or where completion is overdue.

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

		As at March 31, 2025	As at March 31, 2024
5	**Non-current investments**		
	Investments at cost		
	Unquoted equity shares (refer note 33)		
	3,260.22 million (March 31, 2024: 3,185.22 million) equity shares of Capillary Pte Ltd., Singapore[1,2]	4,066.78	2,784.73
	Capital contribution in subsidiaries (refer notes 30 and 33)		
	Capillary Technologies DMCC, UAE	24.71	16.88
	Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	25.12	21.75
	PT Capillary Technologies Indonesia	1.83	2.44
	Capillary Pte Limited., Singapore[2]	0.04	0.04
	Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA	23.43	20.71
	Capillary Brierley Inc. (formerly known as 'Brierley and Partners Inc.'), USA[3]	19.47	11.69
	Capillary Technologies Europe Limited ((formerly known as 'Brierley Europe Ltd')	12.50	5.69
	Aggregate book value of unquoted investments	**4,173.88**	**2,863.93**

Notes:

[1] For the year ended March 31, 2025, the Board of Directors of the Company has approved the investments by way of subscription of shares of Capillary Pte. Ltd, Singapore ('CPL') amounting to USD 18 million, out of which, USD 15 million (₹ 1,282.05 million) has been invested during the year. (March 31, 2024: USD 10.34 million (₹ 856.44 million).

[2] The Company has invested in CPL which in turn has invested in certain underlying subsidiaries, out of which one subsidiary has incurred losses during the year. Based on the internal assessment with regard to future operations, the management is of the view that the carrying value of the Company's investment in CPL as on March 31, 2025 is appropriate and no adjustments is required in the standalone financial statements in this regard.

[3]During the previous year ended March 31, 2024, the Company had invested in CPL at the rate of USD 0.014 per equity share a total amount of ₹ 1,515.72 in the following tranches:
(a) 214.28 million equity shares on April 05, 2023;
(b) 571.43 million equity shares on April 12, 2023;
(c) 259.64 million equity shares on August 21, 2023;
(d) 107.14 million equity shares on December 22, 2023; and
(e) 157.14 million equity shares on February 28, 2024

		As at March 31, 2025	As at March 31, 2024
6	**Financial assets at amortised cost**		
	Unsecured considered good unless otherwise stated		
	Non-current		
	Bank deposits with remaining maturity greater than 12 months[1]	224.22	121.16
	Security deposits	1.62	-
	Total	**225.84**	**121.16**
	Current		
	Security deposits	7.85	9.22
	Other receivables from related parties (refer note 33)[2]	32.24	83.50
	Advances to employees	0.38	0.49
	Interest accrued on deposits	6.31	12.48
	Total	**46.78**	**105.69**

[1]Represents bank deposits under lien against short term borrowings bearing interest rate ranging from 7.40% to 7.50% (March 31, 2024 - 6.50% to 7.25%)

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

		As at March 31, 2025	As at March 31, 2024
7	**Other tax assets**		
	Advance income-tax	79.88	43.06
	Total	**79.88**	**43.06**

		As at March 31, 2025		As at March 31, 2024	
8	**Investments**				
	Investments in mutual funds				
	Unquoted	**No. of units**	**Value**	**No. of units**	**Value**
	At fair value through profit and loss (FVTPL)				
	ABSL Money Manager Fund - Direct Plan - Growth	-	-	2,75,032	93.73
	Kotak Money Market Scheme - Direct Plan - Growth	-	-	49,276	203.14
	UTI Money Market Fund - Direct Plan - Growth	-	-	72,549	205.72
	Kotak Liquid Fund - Direct Plan - Growth	-	-	11,110	54.21
	DSP Liquidity Fund - Direct Plan - Growth	-	-	41,274	142.45
	Total		-		**699.25**
	Aggregate book value of unquoted investments		-		699.25
	Aggregate market value of unquoted investments		-		699.25

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

		As at March 31, 2025	As at March 31, 2024
9	**Trade receivables**		
	At amortised cost		
	-Trade Receivables considered good - Unsecured[1,2,3,4]	444.53	433.26
	-Trade Receivables- credit impaired- Unsecured[1,2,3,4] (refer note 9.1)	6.22	7.34
		450.75	**440.60**
	Less: Loss allowances (refer note 9.1)	(6.22)	(7.34)
	Total trade receivables	**444.53**	**433.26**
	-Receivables from related parties - Unsecured/Considered good (refer note 33)	285.37	280.15
	-Others	159.16	153.11
	Total trade receivables	**444.53**	**433.26**

Notes

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

2 No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 33.

3 Trade receivables includes unbilled revenue of ₹ 283.36 million at March 31, 2025 (₹ 171.24 million at March 31, 2024) (Refer note 9.2 below)

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

9.1 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	7.34	3.04
Provision made during the year	0.47	5.99
Reversed during the year	(1.59)	(1.69)
At the end of the year	**6.22**	**7.34**

9.2 Trade receivables ageing schedule

As at March 31, 2025

	Outstanding for following periods from due date of payment							Total
	Unbilled*	**Not due**	**Less than 6 months**	**6 months - 1 year**	**1 -2 years**	**2 - 3 years**	**More than 3 years**	
Undisputed trade receivables								
- considered good	283.36	126.67	29.60	3.06	1.08	0.76	-	444.53
- credit impaired	-	-	0.40	0.59	5.23	-	-	6.22
Total	**283.36**	**126.67**	**30.00**	**3.65**	**6.31**	**0.76**	-	**450.75**

As at March 31, 2024

	Outstanding for following periods from due date of payment							Total
	Unbilled*	**Not due**	**Less than 6 months**	**6 months - 1 year**	**1 -2 years**	**2 - 3 years**	**More than 3 years**	
Undisputed trade receivables								
- considered good	171.24	67.43	194.32	0.05	0.01	0.21	-	433.26
- credit impaired	-	-	0.50	6.17	0.61	0.06	-	7.34
Total	**171.24**	**67.43**	**194.82**	**6.22**	**0.62**	**0.27**	-	**440.60**

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

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

		As at March 31, 2025	As at March 31, 2024
10	**Cash and cash equivalents**		
	At amortised cost		
	-Balances with banks	107.85	603.53
	Total	**107.85**	**603.53**

11	**Loans**		
	At amortised cost		
	Unsecured, considered good		
	Corporate deposits*	-	399.99
	Total	-	**399.99**

***Details of corporate deposits during the year:**

Name of borrower	Nature of relationship	Type of deposit	Rate of interest	Term
Bajaj Finance Limited	Others	Unsecured	7.85%-8.05%	Upto 12 months

***Details of corporate deposits during the previous year:**

Name of borrower	Nature of relationship	Type of deposit	Rate of interest	Term
Bajaj Finance Limited	Others	Unsecured	7.95%	< 6 months
Aditya Birla Finance Limited	Others	Unsecured	8.10%	< 6 months

***Corporate deposits are made to earn treasury income for current year as well as for previous year.**

Name of borrower	As at April 1, 2024	Placed during the year	Refunded during the year	As at March 31, 2025
Bajaj Finance Limited	200.00	400.00	(600.00)	-
Aditya Birla Finance Ltd	199.99	-	(199.99)	-
	399.99	**400.00**	**(799.99)**	-

Name of borrower	As at April 1, 2023	Placed during the year	Refunded during the year	As at March 31, 2024
Bajaj Finance Limited	-	200.00	-	200.00
Aditya Birla Finance Ltd	-	199.99	-	199.99
	-	**399.99**	-	**399.99**

		As at March 31, 2025	As at March 31, 2024
12	**Other assets**		
	At amortised cost		
	Non-current		
	Others (Unsecured, considered good)		
	Deferred contract costs*		
	- considered good	0.69	0.88
	- considered doubtful	-	-
	Total	**0.69**	**0.88**
	Current		
	Unsecured, considered good		
	Advances recoverable in cash or kind		
	- considered good	28.00	5.61
	- considered doubtful	-	-
	Deferred contract costs*	-	
	- considered good	0.61	0.68
	- considered doubtful	-	-
	Prepaid expenses	41.94	26.36
	Balance with statutory/ government authorities	8.33	12.75
	Total	**78.88**	**45.40**

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

	As at March 31, 2025	As at March 31, 2024
Deferred contract costs		
At the beginning of the year	1.56	0.60
Additions during the year	0.67	2.47
Amortised during the year	(0.93)	(1.51)
At the end of the year	**1.30**	**1.56**
The same is shown under:		
Current	0.61	0.68
Non-current	0.69	0.88

13 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				
125,000,000 equity shares (March 31, 2024: 125,000,000 equity shares) of ₹ 2 each	125.00	250.00	125.00	250.00
100,000 preference shares (March 31, 2024: 100,000 preference shares) of ₹ 10 each	0.10	1.00	0.10	1.00
Total	**125.10**	**251.00**	**125.10**	**251.00**
Issued, subscribed and fully paid-up shares				
73,329,138 equity shares (March 31, 2024 73,234,353 equity shares) of ₹ 2 each	73.32	146.65	73.23	146.46
Total	**73.32**	**146.65**	**73.23**	**146.46**

(a) Issued share capital

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

	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	**73.23**	**146.46**	**52.89**	**105.79**
Issuance of share capital[1, 2]	0.09	0.19	2.76	5.51
Issue of rights shares during the year[3]	-	-	11.05	22.10
Conversion of external commercial borrowings into fully paid shares[4]	-	-	0.44	0.87
Conversion of convertible instruments[5]	-	-	5.52	11.05
Exercise of share-based options[6]	-	-	0.57	1.14
Equity shares outstanding as at the end of the year	**73.32**	**146.65**	**73.23**	**146.46**

[1] Pursuant to the approval of Board of Directors dated January 18, 2025, the Company approved the allotment of 94,785 equity shares of face value of ₹ 2 each at a price of ₹ 526.7 per equity share (including securities premium of ₹ 524.7 per equity share) for an amount aggregating to ₹ 49.92 million on a private placement basis under the provisions of the Companies Act, 2013 and all other applicable laws and regulations.

[2] Pursuant to the approval of Board of Directors on multiple dates during the previous year ended March 31, 2024, the Company had approved the allotment of 2,759,755 equity shares of face value of ₹ 2 each at a price of ₹ 308 per equity share (including securities premium of ₹ 306 per equity share) for an amount aggregating to ₹ 850.00 million on a private placement basis under the provisions of the Companies Act, 2013 and all other applicable laws and regulations.

[3] Pursuant to the approval of Board of Directors dated March 28, 2024, the Company had approved the allotment of 11,052,223 equity shares of face value of ₹ 2 each at a price of ₹ 44 per equity share (including securities premium of ₹ 42 per equity share) for an amount aggregating to ₹ 486.29 million by way of right issue to the existing shareholders under the provisions of Companies Act, 2013 and all other applicable laws and regulations during the previous year.

[4] Pursuant to the approval of Board of Directors dated January 29, 2024 , the Company had approved the allotment of 435,065 equity shares of face value of ₹2 each at a price of ₹ 308 per equity share (including securities premium of ₹ 306 per equity share) for an amount aggregating to ₹ 134.00 million for consideration other than cash consequent to conversion of external commercial borrowings to Capillary Technologies International Pte. Ltd., the Holding Company during the previous year.

[5] Pursuant to the approval of the Board of Directors, the Company had approved the conversion of Compulsory Convertible Debentures (CCDs) issued during the previous year ended March 31, 2024 into 5,524,350 equity shares of face value of ₹ 2 each at a price of ₹ 308 per equity share (including securities premium of ₹ 306 per equity share) for an amount aggregating to ₹ 1,701.50 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

[6] Pursuant to the approval of Nomination and Remuneration Committee dated November 15, 2023, the Company had approved the allotment of 571,064 equity shares arisen out of exercise of vested employee stock options under Capillary ESOP-2021 Scheme. The ESOPs exercised were of face value of ₹ 2 each at a price of ₹ 307.80 per equity share (including securities premium of ₹ 305.80 per equity share) for an amount aggregating to ₹ 175.77 million during the previous year.

(ii) Shares held by the Holding Company

	As at March 31, 2025		As at March 31, 2024	
	No. of shares held (in million)	Amount (₹)	No. of shares held (in million)	Amount (₹)
Capillary Technologies International Pte Ltd, Singapore, the Holding Company				
Equity shares of ₹ 2 each fully paid (March 31, 2024: Equity shares of ₹ 2 each fully paid)	49.14	98.27	51.07	102.14

(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	
<u>Name of the shareholder</u>	No. of shares held (in million)	% holding in the class	No. of shares held (in million)	% holding in the class
Equity shares of ₹ 2 each (March 31, 2024 : ₹ 2 each), fully paid				
Capillary Technologies International Pte Ltd, Singapore, the Holding Company[1]	49.14	67.00%	51.07	69.74%
Avataar Holdings	3.29	4.49%	3.13	4.27%
Avataar II Co Investment II Ltd	5.52	7.54%	5.52	7.54%
Avataar Venture Partners II	4.04	5.52%	4.04	5.52%

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

[1] Includes 20 share held by Mr. Sridhar Bollam (as a nominee).

13 Equity share capital (Cont'd)

(iv) Disclosure of shareholding of promoters

Promoter name	No. of shares at the beginning of the year (in millions)	Change during the year	No. of shares at the end of the year (in millions)	% of total shares	% change during the year
Capillary Technologies International Pte Ltd, Singapore					
March 31, 2025	51.07	(1.93)	49.14	67.00%	(2.74%)
March 31, 2024	49.04	2.03	51.07	69.74%	(22.98%)

(v) Rights, preference and restriction attached to equity shares
The Company has only one class of equity shares having par value of ₹ 2 per share (March 31, 2024: ₹ 2 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(vi) Rights, preference and restriction attached to preference shares
The Company had only one class of preference shares having par value of ₹ 10 per share.

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

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

(vii) 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)	-	0.44

(viii) Shares reserved for issue under options
For details of shares reserved for issue under the share based payment plan of the Company, (refer note 30).

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

14 Other equity

	As at March 31, 2025	As at March 31, 2024
Retained earnings / (Accumulated deficit)		
Opening balance	(2,973.87)	(2,446.47)
Profit/ (Loss) for the year	35.06	(523.34)
Other comprehensive loss for the year		
-Remeasurement gain/(losses) on defined benefit obligations (net of	(4.24)	(4.06)
Add: Surrender of share-based options and re-purchase, net	343.18	-
	(2,599.87)	**(2,973.87)**
Capital contribution from the Holding Company	**928.58**	**928.58**
Securities premium		
Opening balance	5,880.75	2,573.86
Add: Issuance of share capital (refer note 13(a)[1, 2])	49.73	844.49
Add: Issue of rights shares during the year(refer note 13(a)[3])	-	464.19
Add: Conversion of external commercial borrowings into fully paid shares (refer note 13(a)[4])	-	133.13
Add: Conversion of convertible instruments (refer note 13(a)[5])	-	1,690.45
Exercise of share-based options (refer note 13(a)[6])	-	174.63
	5,930.48	**5,880.75**
Share based payment reserve		
Opening balance	672.61	888.59
Share based payment expenses (Note 30)	46.03	32.87
Exercise of share-based options (refer note 13(a)[6])	-	(174.31)
Capital contribution in subsidiaries (refer note 5 and 33)	27.91	22.71
Surrender of share-based options and re-purchase, net	(375.20)	(97.25)
	371.35	**672.61**
Total other equity	**4,630.54**	**4,508.07**

The Company had incurred cash losses during the previous year ended March 31, 2024, which had resulted in substantial erosion of net worth of the Company. The management of the Company basis its business plan as approved by the Board of Directors expected that there will be a significant increase in the operations of the Company that will lead to improved cash flows and long-term sustainability and the Company will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Further during the previous year ended March 31, 2024 there had been a significant reduction in the loss incurred by the company and corresponding increase in revenue earned. Accordingly, the standalone financial statements of the Company had been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern respectively.

Nature and purpose of reserves

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

14.2 Capital contribution from the Holding Company
The Company's Holding Company had a share option scheme under which it granted employee stock options to certain employees of the Company without any cross charge. Capital contribution from the 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 Holding Company. refer note 33 for further details.

14.3 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

14.4 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.

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

	As at March 31, 2025		As at March 31, 2024	
15 Borrowings*				
Secured	**Non-current**	**Current**	**Non-current**	**Current**
Debentures				
Non convertible unlisted debentures [1]	-	-	29.92	322.56
Bank overdraft [2]	-	95.72	-	106.70
Working capital from banks[3]	-	421.66	-	298.58
Total	-	**517.38**	**29.92**	**727.84**

Interest and security notes to Borrowings:

[1]The Company had entered into debenture trust deed dated March 29, 2023 for issue of 6,000 (six thousand) fully paid, unlisted, secured and redeemable non-convertible debentures (NCD) of face value of ₹ 100,000 each, aggregating to an amount of ₹ 600 million for general corporate purposes. As on March 31, 2024, the Company has issued 6,000 fully paid, NCD, on a private placement basis, aggregating to an amount of ₹ 600 million. The NCD carries fixed coupon rate of 14.5% per annum, payable monthly on first of each month from the date of disbursement. The NCD shall mature on April 01, 2025 and the principal amount of NCD are payable in equal monthly instalment starting from September 01, 2023. The NCD is secured by way of first pari pasu charge on all the existing future, fixed, non-current and current assets, including any and all intellectual property and the intellectual property rights with respect to these movables present and future, accounts, cashflows, receivables, book debts, revenue, equipment, inventory, contract rights or right to payment of money, leases, license agreement, franchise agreements, goodwill, uncalled capital, general intangibles, documents, instruments (including any promissory notes), chattel paper (whether tangible or intangibles), cash, deposit accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by writing) and all other investment property of the Company. The NCD is also secured by way of unconditional and irrevocable corporate guarantee from Capillary Technologies International Pte Ltd, Singapore, the Holding Company. The Company has re-paid the entire amount as at March 31, 2025.

[2] The Company has availed a bank overdraft facility carrying interest rate linked to the interest rate of the underlying fixed deposits (provided as security) + 150 basis points. The bank overdraft facility is payable on demand. The loans are secured by way of hypothecation of stocks, bills, book debts and receivables and fixed deposits held as margin moneys. The statements of current assets filed monthly with banks are in agreements with the book of accounts.

[3] The Company has availed bank overdrafts facility from various banks, sales invoice discounting facility and pre/post shipment credit facility carrying interest at REPO as reference rate and Secured Overnight Financing Rate (SOFR) plus 175 to 180 basis points per annum. The sales invoice discounting facility and pre/post shipment credit facilities is payable in 180 days from the disbursement of the loan or the due date of the discounted invoice, whichever is earlier. The loans are secured by way of hypothecation of stocks, bills, book debts and receivables and fixed deposits held as margin moneys by a bank. Further, the loan is also secured by way of a pari pasu first charge over all the existing and future current assets (excluding receivables discounted by other banks) and moveable fixed assets. The statement of current assets filed monthly with banks are in agreements with the book of accounts.

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

	As at March 31, 2025		As at March 31, 2024	
16 Lease Liabilities				
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Lease liabilities	12.02	21.15	8.01	21.11
Total	**12.02**	**21.15**	**8.01**	**21.11**

For changes in liabilities arising from financing activities and maturity analysis. refer note 31

	As at March 31, 2025		As at March 31, 2024	
17 Provisions				
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Employee Benefits - Gratuity (refer note 29)	67.55	10.98	54.48	13.02
Employee Benefits - compensated absences (refer note 29)	-	4.85	-	4.27
Total	**67.55**	**15.83**	**54.48**	**17.29**

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

19 Other financial liabilities	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Employee related liabilities	51.36	72.31
Total	**51.36**	**72.31**

20 Other current liabilities	As at March 31, 2025	As at March 31, 2024
Current		
Contract liabilities - Deferred revenue (refer note 21.3 and 33)	19.60	42.05
Statutory dues payable	26.29	22.39
Total	**45.89**	**64.44**

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

	As at March 31, 2025	As at March 31, 2024
18 Trade payables		
At amortised cost		
Total outstanding dues of:		
-Total outstanding dues of micro enterprises and small enterprises (Refer Note 18.1)	13.23	73.95
- Dues to related parties (refer note 33)	285.01	76.34
- Total outstanding dues of creditors other than micro enterprises and small enterprises	113.97	121.53
Total	**412.21**	**271.82**

Trade payables are non-interest bearing and are normally settled on terms upto 90 days.

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 has been made in the standalone financial statements based on information received and available with the 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.

18.1 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 each accounting year:		
- Principal amount due to micro and small enterprises	13.23	73.95
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

Trade payables ageing schedule

	Unbilled	Outstanding as on 31 March 2025 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	-	13.23	-	-	-	13.23
Total outstanding dues of creditors other than micro enterprises and small enterprises	83.49	313.05	0.81	1.63	-	398.98
	83.49	**326.28**	**0.81**	**1.63**	-	**412.21**

	Unbilled	Outstanding as on 31 March 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	-	73.95	-	-	-	73.95
Total outstanding dues of creditors other than micro enterprises and small enterprises	73.83	122.40	1.64	-	-	197.87
	73.83	**196.35**	**1.64**	-	-	**271.82**

	As at March 31, 2025	As at March 31, 2024
19 Other financial liabilities		
At amortised cost		
Employee related liabilities	51.36	72.31
Total	**51.36**	**72.31**

	As at March 31, 2025	As at March 31, 2024
20 Other current liabilities		
Current		
Contract liabilities - Deferred revenue (refer note 21.3 and 33)	19.60	42.05
Statutory dues payable	26.29	22.39
Other customer deposits	-	-
Total	**45.89**	**64.44**

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

		For the year ended March 31, 2025	For the year ended March 31, 2024
21	**Revenue from operations**		
	Sale of services		
	Service income from group companies (refer note 33)	1,252.09	656.36
	Retainership and other services from external customers	419.73	468.42
	Installation revenue	53.04	38.32
	Revenue from campaign services on a principal basis (refer note (a) and (b) below)	-	262.69
	Revenue from campaign services on an agent basis (refer note (a) and (b) below)	16.05	-
	Total	**1,740.91**	**1,425.79**

(a) During the year ended March 31, 2025, the Company changed its business model for the campaign services and has entered into a new arrangement with its service providers by which, the Company is acting as an agent and not as a principal for these transactions. Accordingly, the revenue for the year ended March 31, 2025 for the revenue from campaign services has been recorded on a net basis.

(b) The revenue for the year ended March 31, 2025 has been recorded on a net basis as against the revenue pertaining to March 31, 2024 which is gross of campaign services costs ₹ 239.58 million.

21.1	**Disaggregated revenue information**		
	Set out below is the disaggregated of the company's revenue from contracts with customer based on geography:		
	India	488.82	769.43
	Outside India	1,252.09	656.36
	Total	**1,740.91**	**1,425.79**
21.2	**Timing of revenue recognition**		
	Services transferred over time	1,724.86	1,163.10
	Services transferred at a point in time	16.05	262.69
		1,740.91	**1,425.79**
21.3	**Contract balances**		
	Trade receivables (including unbilled revenue)	444.53	433.26
	Deferred revenue	19.60	42.05
	<u>**Movement in Contract liabilities - Deferred revenue**</u>		
	Opening balance	42.05	190.71
	Add: Revenue to be recognised from performance obligations to be satisfied in succeeding year	19.60	42.05
	Less: Revenue recognised that was included in contract liability at the beginning of the year	(42.05)	(190.71)
	Closing balance	**19.60**	**42.05**

		For the year ended March 31, 2025	For the year ended March 31, 2024
22	**Other income**		
	Interest income under effective interest rate method		
	-Interest income on bank deposits	11.87	11.74
	-Interest income on security deposits	0.58	0.35
	-Interest income on corporate deposits	25.18	6.50
	-Gain on fair valuation of investments carried at FVTPL	-	9.59
	-Profit on sale of investments (net)	50.13	17.55
	-Gain on account of foreign exchange fluctuations (net)	18.10	18.05
	-Provisions/liabilities no longer required written back	-	1.23
	-Profit on sale of property, plant and equipments (net)	0.62	0.51
	-Interest income on income tax refund	2.05	2.58
	-Other miscellaneous income	13.84	16.58
	Total	**122.37**	**84.68**

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

		For the year ended March 31, 2025	For the year ended March 31, 2024
23	**Employee benefit expenses**		
	Salaries, wages and bonus	858.62	843.11
	Contribution to provident funds (refer note 29)	11.81	10.78
	Share-based payments (refer note 30)	41.91	22.46
	Gratuity expenses (refer note 29)	20.16	17.14
	Staff welfare expenses	26.84	21.31
	Total	**959.34**	**914.80**
24	**Finance costs**		
	Interest expenses on borrowings (refer note 33)	60.84	160.52
	Interest expense on lease liabilities (refer note 31)	2.78	1.22
	Interest expense on others	-	0.10
	Bank charges	2.44	0.83
	Total	**66.06**	**162.67**
25	**Depreciation and amortisation expenses**		
	Depreciation on Property, plant and equipment (refer note 3)	20.77	13.92
	Amortisation of Intangible assets (refer note 4)	306.33	220.21
	Depreciation on Right of use assets (refer note 3)	27.61	18.69
	Total	**354.71**	**252.82**
26	**Other expenses**		
	Travelling expenses	45.68	41.67
	Business promotion expenses	8.73	7.31
	Loss allowances under expected credit loss model	2.82	4.30
	Property, plant and equipment written off	0.25	-
	Rates and taxes	3.17	3.56
	Auditor's remuneration (refer note 26(a))	7.38	5.20
	Sitting fees to non-executive directors (refer note 33)	3.50	3.40
	Insurance expenses	6.56	8.37
	Miscellaneous expenses	27.00	28.05
	Total	**105.09**	**101.86**
26 (a)	**Auditor's remuneration (exclusive of goods and service tax)**		
	As auditor:		
	Statutory audit	5.58	5.20
	Other assurance services	1.80	-
	Total	**7.38**	**5.20**

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27 Income tax

The Company is subject to income tax in India on the basis of Standalone Financial Statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Income tax expenses in the Standalone Statement Profit and Loss consist of the following:		
(a) Current tax	-	-
(b) Deferred tax charge/ (credit)*	-	-
	-	-

	As at March 31, 2025	As at March 31, 2024
Deferred tax assets relates to following:		
(a) Deferred tax assets	8.18	25.18
(b) Deferred tax liabilities	(8.18)	(25.18)
Deferred tax assets	-	-

* Deferred tax on business losses and unabsorbed depreciation is not recognised since it is not probable that the taxable profit will be available against which the unutilised tax losses and temporary differences can be utilised, as assessed at March 31, 2025 and March 31, 2024.

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
Profit/ (Loss) before taxes	35.06	(523.34)
Applicable tax rates in India	25.17%	25.17%
Computed tax (credit)/charge	8.82	(131.71)
Tax effect on business losses and unabsorbed depreciation on which deferred tax has not been accounted	(8.82)	131.71
Total tax expense	-	-
Income tax reported in the Standalone Statement of Profit and Loss	-	-

Expiration of losses carried forward

	As at March 31, 2025	As at March 31, 2024
March 31, 2024	-	104.56
March 31, 2025	156.86	191.92
March 31, 2026	76.98	76.98
March 31, 2031	635.08	635.08
March 31, 2032	372.08	-
	1,241.00	**1,008.54**

i) The Company has unabsorbed depreciation loss of ₹ 481.86 million (March 31, 2024: ₹ 292.39 million) which can be carried forward indefinitely.

28 Earnings/ (Loss) per share (EPS)

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

Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the years plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.
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
Profit/ (Loss) attributable to equity shareholders for basic/diluted EPS (₹ in million) (a)	35.06	(523.34)
Weighted average number of equity shares used for computing EPS (basic) (in million) (b)	73.25	56.27
Weighted average number of equity shares used for computing DPS (Diluted) (in million) (c) *	74.03	56.27
EPS- Basic (₹) (d=a/b)	**0.48**	**(9.30)**
EPS- Diluted (₹) (e=a/c)*	**0.47**	**(9.30)**

*Considering the Company has incurred losses for the years ended March 31, 2024, the effect of dilution on account of shares to be issued as per Capillary Employees Stock Option Scheme' - 2021 ('CESP') has been ignored as same would be anti-dilutive.

(This space has been intentionally left blank)

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

29 Gratuity and other post-employment benefit plans

I) Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plans. The contributions are charged to the Standalone Statement of Profit and Loss as they accrue. Contributions to provident fund included in employee benefit expenses (refer note 23) are as under:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Contribution to provident fund	11.81	10.78
Total	**11.81**	**10.78**

II) Defined benefit plan

Gratuity

The Company operates an unfunded defined benefit gratuity plan for all of its qualifying employees in India. Gratuity is calculated as 15 days' salary for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on completing 5 years of service by the employee. The Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per projected unit credit method.

The following tables summarise the components of net benefit expenses recognised in the Standalone Statement of Profit or Loss and amounts recognised in the Standalone Balance Sheet for gratuity benefit:

	For the year ended March 31, 2025	For the year ended March 31, 2024
i. Net benefit expenses (recognised in the Standalone Statement of Profit and Loss)		
Current service cost	15.79	13.42
Interest cost on defined benefit obligation	4.37	3.72
Net benefit expenses	**20.16**	**17.14**
ii. Remeasurement loss/(gain) recognised in other comprehensive income (OCI):		
Actuarial loss on obligations arising from changes in experience adjustments	4.24	3.29
Actuarial loss on obligations arising from changes in financial assumptions	-	0.77
Actuarial loss recognised in OCI	**4.24**	**4.06**

	As at March 31, 2025	As at March 31, 2024
iii. Net defined liability		
Defined benefit obligation	(78.54)	(67.50)
Plan (liability)	**(78.54)**	**(67.50)**

	As at March 31, 2025	As at March 31, 2024
iv. Changes in the present value of the defined benefit obligation are as follows:		
Present value of obligation as at the beginning of the year	**67.50**	**54.14**
Current service cost	15.79	13.42
Interest cost on defined benefit obligation	4.37	3.72
Benefits paid	(13.36)	(7.84)
Actuarial loss on obligations arising from changes in experience adjustments	4.24	3.29
Actuarial loss on obligations arising from changes in financial assumptions	-	0.77
Present value of obligation as at the end of the year	**78.54**	**67.50**
v. The following pay-outs are expected in future years:		
Within the next 12 months	11.52	13.96
Between 1 and 2 years	9.42	10.68
Between 2 and 3 years	7.71	8.36
Between 3 and 4 years	6.22	6.52
Between 4 and 5 years	5.23	5.12
Between 6 and 10 years	16.38	15.68
Beyond 10 years	80.65	48.37
Expected cash outflow in future years	**137.13**	**108.69**

The average duration of the defined benefit plan obligation at the end of the reporting year is 7.38 years (March 31, 2024: 5.65 years)

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:		
Discount rate (in %)	6.66%	7.19%
Salary escalation rate (in %)	10.00%	10.00%
Employee attrition	25.00%	30.00%
Retirement age	58	58
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan characteristics and associated risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

b. Salary inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

29 Gratuity and other post-employment benefit plans (Cont'd)

vii. A quantitative sensitivity analysis for significant assumptions:

	As at March 31, 2025	As at March 31, 2024
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(4.89)	(3.31)
Impact on defined benefit obligation due to 1% decrease in discount rate	5.57	3.70
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	2.81	1.96
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(2.84)	(1.94)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.62)	(0.31)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.63	0.30

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Standalone Balance Sheet.

30 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 Employees Stock Option Scheme' - 2021 ('CESP')

The shareholders of the Company have approved the 'Capillary Employees Stock Option Scheme' - 2021 (CESP). The plan provides for the issue of 7,175,000 options to eligible employees and eligible directors of the Capillary Group. Capillary Group shall mean the Company and its wholly owned subsidiaries, either existing or as may be incorporated from time to time and its Holding Company and any successor company thereof.

The plan is administered by a Board of Directors of the Company / nomination and remuneration committee constituted by the Board (as the case may be) (Administrator) . Under CESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Administrator. The exercise price shall be as may be determined by the Administrator at the time of grant of options provided that the exercise price shall not be more than the fair market value of the shares as on the date of grant of options.

There shall be a minimum period of one (1) year between the grant of options and vesting of options, with a maximum period of ten (10) years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and the options would vest on a quarterly basis. The option grantee may exercise the vested options as per the scheme.

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 Company.

The following table lists the inputs to the option pricing models for the year ended March 31, 2025 and March 31, 2024 respectively:

	As at March 31, 2025	As at 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 on lack of marketability ("DLOM")	₹ 526.70	308.00
Weighted average share price as per Post discount on 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.

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

	As at March 31, 2025		As at March 31, 2024	
	No. of options (in millions)	WAEP	No. of options (in millions)	WAEP
Options outstanding at the beginning of the year	1.68	2.17	3.05	0.26
Granted during the year	0.27	2.00	0.16	2.00
Forfeited/ lapsed during the year	(0.06)	(2.00)	(0.64)	(2.00)
Exercised during the year	-	-	(0.57)	(2.00)
Surrended/ re-purchase during the year	(1.12)	(2.55)	(0.32)	(2.00)
Options outstanding at the end of the year	**0.77**	**7.71**	**1.68**	**2.17**
Exercisable at year end	0.40		-	

The options outstanding as at March 31, 2025 had an weighted average exercise price of ₹ 7.71 (March 31, 2024: ₹ 2.17) and the weighted average remaining contractual life of 7.01 years (March 31, 2024: 8.22 years).

B Expense recognised in Standalone Statement of Profit and Loss

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
Expense arising from share based payment transaction of CESP recognised in Employee benefit expenses (refer note 23)*#	41.91	22.46

* Excludes ₹ 27.90 million (March 31 2024: ₹ 22.71 million) on account of expense arising from share based payment transaction of CESP recognised in Investments.

Excludes ₹ 9.03 million (March 31,2024: ₹ 10.41 million) on account of expense arising from share based payment transaction of CESP recognised in internally generated intangible assets

C The Company has granted stock options to the employees of Capillary group under ESOP Plan as detailed in note 30(A) above. The Company has an obligation to settle the transaction with the employees of the Capillary group by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company has measured its expense in accordance with the requirements applicable to share-based payment transaction. Further, the Company has recorded capital contribution in group companies with respect to its obligation to settle the transaction with employees of the group companies by providing its own equity shares.

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

31 Leases

Company as a lessee

The Company has lease contracts for office facility. The lease term of the office facility is around 2 years. The Company also has certain leases of offices with lease terms of 12 months or less or low value. The Company applies the leases of low value assets and short term leases recognition exemptions for these leases.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(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 3)	32.51	28.13
(c) Analysis of lease liabilities		
Opening lease liabilities	**29.12**	**14.42**
Additions during the year	30.17	38.58
Accretion of interest during the year	2.78	1.22
Cash outflow towards payment of lease liabilities during the year	(28.90)	(20.73)
Modification of lease liabilities during the year	-	(4.37)
Closing lease liabilities	**33.17**	**29.12**

The maturity analysis of lease liabilities are disclosed in note 35.

	For the year ended March 31, 2025	For the year ended March 31, 2024
(d) Impact on Statement of Profit and Loss		
Depreciation on right of use assets	27.61	18.69
Interest expense on lease liabilities	2.78	1.22
	30.39	**19.91**

32 Contingent liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its Standalone Financial Statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the Standalone Financial Statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

	As at March 31, 2025	As at March 31, 2024
Bank guarantees outstanding	3.91	3.91

(i) The Honourable Supreme Court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. In the absence of reliable measurement of the provision for earlier years, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

33 Related party disclosures

a) Names of the related parties and description of relationship

Nature of relationship	**Name of the party**
A) Related parties where control exists	
Holding Company	Capillary Technologies International Pte. Ltd., Singapore
Subsidiary Companies	Capillary Pte Ltd., Singapore
	Capillary Technologies DMCC, UAE
	Capillary Technologies (Shanghai) Co. Ltd, China
	Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia
	PT Capillary Technologies Indonesia, Indonesia
	Persuade Holding Inc., USA
	Capillary Technologies Europe Limited (formerly known as Brierley Europe Limited)
	Capillary Brierley Inc. (formerly known as Brierley & Partners, Inc.)
	Capillary Technologies Inc,USA
	Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC'), USA
B) Related parties under common control	
Fellow subsidiaries	Capillary Technologies Inc., USA (upto June 21, 2023)
	Reasoning Global eApplications Private Limited, India
C) Key Management Personnel	
Key managerial personnel (KMP)	Mr. Aneesh Reddy Boddu, Chief Executive Officer (w.e.f April 01, 2024) and Managing Director
	Mr. Sameer Garde, Executive Director and Chief Executive Officer (upto March 31,2024)
	Mr. Anant Choubey, Executive Director, Chief Operating Officer and Chief Financial Officer
	Mr. Venkat Ramana Tadanki, Independent Director
	Mrs. Neelam Dhawan, Independent Director/Chairperson
	Mrs. Yamini Preethi Natti, Independent Director
	Mr. Farid Lalji Kazani, Independent Director
	Mrs. G. Bhargavi Reddy, Company Secretary
D) Other related parties	
Private company in which a director, manager, or relative is a member or	MS Biotech Private Limited

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

33 Related party disclosures (Cont'd)

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) Service income from group companies		
Capillary Pte Ltd., Singapore*	1,252.09	656.36
b) Interest on borrowings		
Capillary Technologies International Pte. Ltd., Singapore	-	11.92
MS Biotech Private Limited	-	0.51
c) Expenditure incurred on behalf of the Company by others		
Capillary Pte Ltd., Singapore	160.37	161.66
Capillary Technologies DMCC, UAE	16.79	14.07
Capillary Brierley Inc.	8.98	-
Capillary Technologies LLC, USA	211.22	2.81
d) Expenditure incurred by the Company on behalf of others		
Capillary Technologies International Pte. Ltd., Singapore	0.93	0.41
Capillary Technologies Inc,USA	7.52	-
PT Capillary Technologies Indonesia, Indonesia	0.03	-
Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	0.01	-
Capillary Brierley Inc.	7.65	4.04
Capillary Technologies Europe Limited	139.49	24.76
Capillary Technologies LLC, USA	193.78	98.89
Capillary Pte Ltd., Singapore	4.87	1.49
Capillary Technologies DMCC, UAE	1.50	0.02

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 (continued)		
e) Sitting fees to non-executive directors		
Mr. Venkat Ramana Tadanki	0.90	0.90
Mrs. Neelam Dhawan	1.10	1.00
Mrs. Yamini Preethi Natti	0.70	0.70
Mr. Farid Lalji Kazani	0.80	0.80
f) Investment in unquoted equity shares		
Capillary Pte Ltd., Singapore	1,282.05	856.44
g) Capital contribution in subsidiaries		
Capillary Technologies DMCC, UAE	7.83	2.51
Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	3.37	3.17
Capillary Brierley Inc., USA	7.78	11.69
Capillary Technologies Europe Limited	6.81	5.69
PT Capillary Technologies Indonesia	(0.61)	(0.06)
Capillary Pte Limited., Singapore	0.00	(0.57)
Capillary Technologies LLC, USA	2.72	0.28
h) Issuance of equity shares (including securities premium)		
Capillary Technologies International Pte. Ltd., Singapore	-	573.52
Mr. Anant Choubey	-	8.66
Mr. Sameer Garde	-	1.42
Mr. Aneesh Reddy Boddu	-	136.19
i) Repayment of a loan to a private company in which a director or a relative is a member or director		
MS Biotech Private Limited	-	50.00
j) Other non-operating income		
Capillary Technologies International Pte. Ltd., Singapore	13.67	16.58
k)'Remuneration to key managerial personnel (including share based payment)**		
Mr. Anant Choubey	12.96	16.87
Mr. Aneesh Reddy Boddu	16.31	133.61
Mrs. G Bhargavi Reddy	5.58	5.50
Mr. Sameer Garde	-	11.17

* Services income from Capillary Pte. Ltd, Singapore includes income form other group companies also as the invoicing and settlement mechanism shall be centrally routed via Capillary Pte. Ltd,

** The remuneration to KMPs disclosed above includes share based payment for the year amounts to ₹ 0.26 million (March 31, 2024: ₹ 5.6 million).

33 Related party disclosures (Cont'd)

2) Outstanding balances as at year end

Particulars	As at March 31, 2025	As at March 31, 2024
a) Trade receivables		
Capillary Pte Ltd., Singapore (including unbilled revenue of ₹ 245.55 million and March 31, 2024: ₹ 128.94 million)	285.37	280.15
b) Other receivables from related parties		
Capillary Technologies International Pte. Ltd., Singapore	9.64	-
Capillary Technologies LLC	-	80.06
Capillary Brierley Inc.	-	3.28
Reasoning Global eApplications Private Limited, India	0.16	0.15
Capillary Technologies Europe Limited	14.80	-
PT Capillary Technologies Indonesia, Indonesia	0.03	-
Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia	0.01	-
Capillary Technologies Inc, USA	7.60	-
c) Trade payables		
Capillary Pte Ltd., Singapore	211.82	53.31
Capillary Technologies DMCC, UAE	1.31	8.30
Capillary Technologies Europe Limited	-	14.73
Capillary Brierley Inc	3.39	-
Capillary Technologies LLC	68.49	-
d) Corporate guarantees taken from the Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	-	352.48

c) Key Managerial Personnel's interests in the share based payments plan:

Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows:

Share based payments plan	Exercise price	Number Outstanding (in Million)	
		As at March 31, 2025	As at March 31, 2024
Capillary Employees Stock Option Scheme' - 2021 ('CESP')	2	0.22	1.23

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Holding Company and the Company. Refer to note 30 for further details on the scheme.

Notes:-

1. The transactions with related parties are made by the Company on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.
2. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the key managerial personnel are not ascertainable and, therefore, not disclosed above.
3. In respect of the transactions with the related parties, the Company has complied with the provisions of Section 188 and Section 177 of the Companies Act, 2013 where applicable, and the details have been disclosed above, as required by the applicable accounting standards.
4. Refer note 15 for borrowings with regard to securities given by the Holding Company for the loan facility availed by the Company.
5. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

34 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

Basis of identifying operating segments/reportable segments

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

Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of Ind AS 108 - 'Operating Segments' i.e. the segments have similar economic characteristics and the segments are similar in the nature of services, type or class of customer for their services etc. CODM evaluates the performance of the Company based on the single operative segment as cloud based intelligent customer engagement software solutions to retail chain operators ('CRM Services'). Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

The Company has presented segmental information in the consolidated financial statements which are presented in the same annual report. Accordingly, in terms of Paragraph 4 of Ind AS 108 "Operating Segments", no disclosures related to segments are presented in these standalone financial statements.

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

35 Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of 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 2.3.(l).

(a) Financial assets and liabilities

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through 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	-	-	-	-
(ii) Trade receivables*	444.53	-	-	444.53
(iii) Cash and cash equivalents*	107.85	-	-	107.85
(iv) Loans*	-	-	-	-
(v) Other financial assets*	272.62	-	-	272.62
Total	**825.00**	-	-	**825.00**
Financial liabilities				
(i) Borrowings*	517.38	-	-	517.38
(ii) Trade payables*	412.21	-	-	412.21
(iii) Lease liabilities*	33.17	-	-	33.17
(iv) Other financial liabilities*	51.36	-	-	51.36
Total	**1,014.12**	-	-	**1,014.12**

As at March 31, 2024	Amortised Cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Financial assets				
(i) Investments	-	-	699.25	699.25
(ii) Trade receivables*	433.26	-	-	433.26
(iii) Cash and cash equivalents*	603.53	-	-	603.53
(iv) Loans*	399.99	-	-	399.99
(v) Other financial assets*	226.85	-	-	226.85
Total	**1,663.63**	-	**699.25**	**2,362.88**
Financial liabilities				
(i) Borrowings*	757.76	-	-	757.76
(ii) Trade payables*	271.82	-	-	271.82
(iii) Lease liabilities*	29.12	-	-	29.12
(iv) Other financial liabilities*	72.31	-	-	72.31
Total	**1,131.01**	-	-	**1,131.01**

* 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.

The following table provides the fair value measurement hierarchy of the Company's assets:

As at March 31, 2025	Level 1	Level 2	Level 3
Current investments	-	-	-

As at March 31, 2024	Level 1	Level 2	Level 3
Current investments	699.25	-	-

(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.

35 Financial instruments (Cont'd)

(c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings and lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the company income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(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:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Fixed rate instruments:		
Financial liabilities	-	352.48
Variable rate instruments:		
Financial liabilities	517.38	405.28

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:

	Increase/ decrease in basis points	As at March 31, 2025	As at March 31, 2024
Interest rate fluctuation	+50	(2.59)	(2.03)
Interest rate fluctuation	-50	2.59	2.03

(2) Market risk- Foreign currency risk

The Company operates both in domestic and international market and consequently the Company is exposed to foreign exchange risk through its sales in overseas countries. The Company holds forward contracts such as foreign exchange contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table shows foreign currency exposure at the end of reporting year:

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount in USD (in million)	Amount in ₹ (in million)	Amount in USD (in million)	Amount in ₹ (in million)
Financial assets				
Trade receivables (including Unbilled revenue)	3.19	285.37	3.36	280.15
Other receivables from related parties	0.38	32.24	1.00	83.50
Financial liabilities				
Payable towards capital expenditure	-	-	-	-
Trade payables	3.34	285.01	0.92	76.34

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
As at March 31, 2025			
USD	5%	1.63	(1.63)
As at March 31, 2024			
USD	5%	14.37	(14.37)

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2025 and March 31, 2024. The year end balances are not necessarily representative of the average debt outstanding during the year.

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

35 Financial instruments (Cont'd)

(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 ₹ 444.53 million and ₹ 433.26 million as at March 31, 2025 and March 31, 2024 respectively. Trade receivable 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 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 9.2.

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund based working capital limits from a bank. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

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 1)	517.38	734.59	517.38	734.59
Lease liabilities	22.89	21.15	21.15	21.11
Trade payables	412.21	271.82	412.21	271.82
Other financial liabilities	51.36	72.31	51.36	72.31
	1,003.84	**1,099.87**	**1,002.10**	**1,099.83**
Between 1 to 5 years				
Borrowings (refer note 1)	-	29.92	-	29.92
Lease liabilities	13.09	9.93	12.02	8.01
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
	13.09	**39.85**	**12.02**	**37.93**
More than 5 years	-	-	-	-
Total	**1,016.93**	**1,139.72**	**1,014.12**	**1,137.76**

Note 1: the above disclosure excludes interest to be paid on the borrowings, by the Company

36 Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long-term and short-term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long-term and short-term borrowings and support from the Holding Company.

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity share holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors 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 31 March 2024
Share Capital	146.65	146.46
Other Equity	4,630.54	4,508.07
Equity (A)	**4,777.19**	**4,654.53**
Cash and cash equivalents	107.85	603.53
Current Investments	-	699.25
Total Fund (B)	**107.85**	**1,302.78**
Lease Liabilities (F)	33.17	29.12
Borrowings	517.38	757.76
Total debts (C)	**550.55**	**786.88**
Net debt (D=(C-B))	**442.70**	**(515.90)**
Total Capital (equity + net debt)	**5,219.89**	**4,138.63**
Net debt to equity ratio (E=D/A)	**0.09**	*
Net debt (excluding lease liabilities) [G=(D-F)]	**409.53**	**(545.02)**
Net debt to equity ratio (excluding lease liabilities) (H=G/A)	**0.09**	*

*** 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.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2025 and March 31, 2024 respectively.

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

37 Ratio analysis

Ratio	Numerator	Denominator	March 31, 2025	March 31, 2024	Variance	Reason
Current ratio	Current assets	Current liabilities	0.64	1.95	(67.26%)	refer note (a) below
Debt-equity ratio	Total borrowings	Total equity	0.11	0.16	(33.48%)	refer note (b) 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	(25.55)	(0.20)	12800.19%	refer note (c) below
Return on equity ratio	Net profit after taxes	Average total equity	0.74%	(15.61%)	(104.76%)	refer note (c) below
Trade receivable turnover ratio	Revenue from operations	Average trade receivables	3.97	2.31	71.80%	refer note (d) below
Trade payables turnover ratio	Cost of campaign services + Professional and consultancy services and other expenses	Average trade payables	1.31	1.89	(30.55%)	refer note (e) below
Net capital turnover ratio	Revenue from operations	Working capital = Current assets - Current liabilities	(4.51)	1.28	(452.05%)	refer note (a) below
Net profit ratio	Net profit after tax	Revenue from operations	2.01%	(36.71%)	(105.49%)	refer note (c) below
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Borrowings + Total Lease Liabilities	2.13%	(7.36%)	(128.99%)	refer note (c) below
Return on investment	Income generated from invested funds	Average invested funds in treasury investments	12.06%	7.87%	53.15%	refer note (f) below

Notes:
(a) Due to the repayment of borrowings and the sale of short-term investments during the year.
(b) The increase is due to the repayment of borrowings during the year.
(c) Due to decrease in losses during the year
(d) Due to decrease in debtor days
(e) Due to decrease in creditors days
(f) Due to movement in investment
(g) Inventory turnover ratio is not applicable to the Company

(This space has been intentionally left blank)

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

38 Other statutory information:

(i) The Company has not advanced or loaned or invested funds to any person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, or security or the like on behalf of the Ultimate Beneficiaries, except for the followings;

Name of the Intermediaries to which funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are invested by Intermediaries to the Ultimate Beneficiaries	Amount of funds further advanced to Ultimate Beneficiaries	Ultimate Beneficiaries
For the year ended March 31, 2024					
Capillary Pte. Ltd., Singapore	April 05, 2023	208.35	April 06, 2023	208.35	Refer note (a) below
	August 21, 2023	41.67	August 22, 2023	41.67	Refer note (b) below
	December 27, 2023	41.61	December 28, 2023	41.61	Refer note (c) below

The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act, 2013 for the above transactions and the transactions are not violative of the Prevention of Money Laundering Act, 2022 (15 of 2003)

Complete details of the Intermediaries and Ultimate Beneficiaries are given below.

Note (a) - Capillary Pte. Ltd., has invested in the shares of Capillary Technologies LLC, USA on April 06, 2023.
Note (b) - Capillary Pte. Ltd., has invested in the shares of Capillary Technologies Europe Limited, on August 22, 2023.
Note (c) - Capillary Pte. Ltd., has invested in the shares of Capillary Technologies DMCC, on December 28, 2023.

(ii) The Company has not received funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Name of the Company who has advanced the funds	Date of funds received	Amount of funds received	Date on which funds are further advanced to other intermediary	Amount of funds further advanced to other intermediary	Other intermediary
For the year ended March 31, 2024					
M/s Innoven triple blue capital advisors LLP	March 31, 2023	200.00	April 05, 2023	200.00	Capillary Pte. Ltd. And Capillary Technologies LLC (Refer note (a) above)

Complete details of the Intermediaries and Funding Parties:

Name of the entity	Registered address	Government identification no:	Relationship with the Company
Capillary Pte. Ltd. (Intermediary)	68, Circular Road, # 02-01, Singapore - 049422	202125294W	Subsidiary
Capillary Technologies LLC (Intermediary)	Suite 2060 , 333 South Seventh Street, Minneapolis , Minnesota, 55402	710149300022	Subsidiary
Avataar Holdings (Funding Party)	Lot 15 A3, 1st Floor, Cybercity, Ebene 72201, Mauritius	177534	Shareholder of the
M/s Innoven triple blue capital advisors LLP (Funding Party)	A/ 805A, The Capital, G- Block, Bandra Kurla Complex, Behind ICICI Bank, Plot C-70, Bandra , Maharashtra - 400051	AAM-6580	Lender

(iii) The Company has no such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).

(iv) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(v) The Company does not have any transactions with companies struck off during the year.

(vi) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period other than those disclosed in note 15.

(vii) The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2025 and March 31, 2024.

39 The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the Income Tax Act 1961 ('regulations') to determine whether the transactions entered during the year ended March 31, 2025 with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the Standalone Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

40 Events after reporting period

There are no material non-adjusting events after the reporting period till the date of issue of these financial statements (i.e. April 30, 2025) which require disclosure in standalone financial statements.

41 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 **Walker Chandiok & Co LLP** *Chartered Accountants* Firm's registration number: 001076N/N500013	For and on behalf of the Board of Directors of **Capillary Technologies India Limited** CIN :U72200KA2012PLC063060		
Aasheesh Arjun Singh *Partner* Membership No: 210122	**Aneesh Reddy** *Managing Director & CEO* DIN: 02214511	**Anant Choubey** *Executive Director, COO & CFO* DIN: 06536413	**G. Bhargavi Reddy** *Company Secretary* Membership No: A17091
Place: Bengaluru Date: April 30, 2025	Place: Bengaluru Date: April 30, 2025	Place: Bengaluru Date: April 30, 2025	Place: Bengaluru Date: April 30, 2025

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

38 Other statutory information:

(i) The Company has not advanced or loaned or invested funds to any person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, or security or the like on behalf of the Ultimate Beneficiaries, except for the followings;

Name of the Intermediaries to which funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are invested by Intermediaries to the Ultimate Beneficiaries	Amount of funds further advanced to Ultimate Beneficiaries	Ultimate Beneficiaries
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Capillary Pte. Ltd., Singapore	April 05, 2023	208.35	April 06, 2023	208.35	Refer note (a) below
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(iii) The Company has no such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).

(iv) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(v) The Company does not have any transactions with companies struck off during the year.

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41 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 **Walker Chandiok & Co LLP**	For and on behalf of the Board of Directors of
Chartered Accountants	**Capillary Technologies India Limited**
Firm's registration number: 001076N/N500013	CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh	**Aneesh Reddy**	**Anant Choubey**	**G. Bhargavi Reddy**
Partner	*Managing Director & CEO*	*Executive Director, COO & CFO*	*Company Secretary*
Membership No: 210122	DIN: 02214511	DIN: 06536413	Membership No: A17091
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date: April 30, 2025	Date: April 30, 2025	Date: April 30, 2025	Date: April 30, 2025

Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of Capillary Technologies India Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Capillary Technologies India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2025, their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 11 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

4. The Holding Company's Board of Directors are responsible for the other information. Other information does not include the consolidated financial statements and our auditor's report thereon.

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

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

6. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

9. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

10. 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.

Other Matter

11. We did not audit the financial statements of two subsidiaries, whose financial statements reflects total assets of ₹25.45 millions as at 31 March 2025, total revenues of ₹93.79 millions and net cash inflow amounting to ₹2.35 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

    Further, these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

12. We did not audit the financial information of one subsidiary, whose financial information reflects total assets of ₹0.47 millions as at 31 March 2025, total revenues of nil and net cash outflows amounting to ₹ 0.68 millions for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

13. As required by Section 197(16) of the Act, based on our audit, we report that the Holding Company, incorporated in India whose financial statements have been audited under the Act has paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

14. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act based on the consideration of the Order report issued till date by us, of the Holding Company included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the Order report of the Holding Company.

15. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law have been kept by the Holding Company so far as it appears from the examination of those books, except for the matters stated in paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended). Further, the back-up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on a daily basis;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

f) The qualification relating to the maintenance of accounts and other matters connected therewith as stated in paragraph 15(b), above on reporting under Section 143(3)(b) of the Act and paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended)

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

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

i. There were no pending litigations as at 31 March 2025 which would impact the consolidated financial position of the Group:

ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, covered under the Act, during the year ended 31 March 2025.

iv.

a. The management of the Holding Company whose financial statements have been audited under the Act have represented to us to the best of their knowledge and belief, other than as disclosed in note 39 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management of the Holding Company whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, other than as disclosed in the note 39 to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company has not declared or paid any dividend during the year ended 31 March 2025.

vi. As stated in Note 41 to the standalone financial statements and based on our examination which included test checks, except for instance mentioned below, the Company, in respect of financial year commencing on or after 1 April, 2023, has used accounting software for maintaining its books of accounts which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below and furthermore, except for matters mentioned below, the audit trail has been preserved by the Company as per the statutory requirements for record retention:

a. The Company has used an accounting software operated by a third-party service provider for maintenance of accounting records. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Reports on the Description of Controls, their Design and Operating Effectiveness' ['Type 2 report'] issued in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and ISAE 3402, Assurance Reports on Controls at a Service Organization], we are unable to comment on whether the audit trail feature with respect to the database of this software was enabled and operated throughout the year; and

b. The Company has an used accounting software operated by a third-party service provider for maintenance of accounting records pertaining to property, plant and equipment. In the absence of an 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether the audit trail feature (edit logs) for any direct changes made at the database level, we are unable to comment on whether the audit trail feature with respect to the database of the said software was enabled and operated throughout the year

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 25210122BMONBH7903

Bengaluru
30 April 2025

Annexure I to the Independent Auditors' Report of even date to the members of Capillary Technologies India Limited on the consolidated financial statements for the year ended 31 March 2025

List of entities consolidated in the Consolidated Financial Statements of Capillary Technologies India Limited for the year ended 31 March 2025

Name of the entity	Country of incorporation	Relationship
Capillary Pte. Ltd	Singapore	Subsidiary
Capillary Technologies DMCC	Dubai, United Arab Emirates	Step-down subsidiary
Capillary Technologies LLC	United States of America	Step-down subsidiary
Capillary Technologies Inc., USA	United States of America	Step-down subsidiary
Capillary Technologies Europe Limited	United Kingdom	Step-down subsidiary
Capillary Brierley Inc., USA	United States of America	Step-down subsidiary
Capillary Technologies (Shanghai) Co. Ltd	China	Step-down subsidiary
PT Capillary Technologies Indonesia	Indonesia	Step-down subsidiary
Capillary Technologies (Malaysia) Sdn. Bhd.	Malaysia	Step-down subsidiary

Annexure II to the Independent Auditors' Report of even date to the members of Capillary Technologies India Limited on the consolidated financial statements for the year ended 31 March 2025

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Capillary Technologies India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Holding Company, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure II to the Independent Auditors' Report of even date to the members of Capillary Technologies India Limited on the consolidated financial statements for the year ended 31 March 2025 (cont'd)

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

8. In our opinion, the Holding Company, which is a Company covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 25210122BMONBH7903

Bengaluru
30 April 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number - U72200KA2012PLC063060
Consolidated Balance Sheet as at Mar 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

	Note	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	34.27	31.21
(b) Goodwill	4	1,884.98	1,838.44
(c) Other intangible assets	4	1,030.39	1,111.88
(d) Right-of-use assets	3	59.84	30.13
(e) Intangible assets under development	4	-	31.10
(f) Financial assets			
(i) Other financial assets	5	256.09	144.79
(h) Deferred tax assets (net)	19A	5.62	6.83
(g) Other tax assets	6	79.88	43.06
(i) Other non-current assets	11	853.25	821.55
Total non-current assets		**4,204.32**	**4,058.99**
Current assets			
(a) Financial assets			
(i) Investments	7	-	699.25
(ii) Trade receivables	8	1,611.21	1,456.51
(iii) Cash and cash equivalents	9	2,140.71	1,806.68
(iv) Loans	10	-	399.99
(v) Other financial assets	5	33.93	27.70
(b) Other current assets	11	396.37	261.56
Total current assets		**4,182.22**	**4,651.69**
Total assets		**8,386.54**	**8,710.68**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	146.65	146.46
(b) Other equity	13	5,535.82	5,243.06
Total equity		**5,682.47**	**5,389.52**
Liabilities			
Non-current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	12.82	41.69
(ii) Lease liabilities	15	32.54	8.01
(iii) Other financial liabilities	16	-	18.53
(b) Provisions	17	80.71	66.11
(c) Deferred tax liabilities (net)	19B	71.04	94.99
Total Non-current Liabilities		**197.11**	**229.33**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	988.12	729.97
(ii) Lease liabilities	15	30.78	23.42
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	18	13.23	73.95
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	492.52	654.31
(iv) Other financial liabilities	16	145.39	204.83
(b) Other current liabilities	20	810.98	1,362.02
(c) Provisions	17	18.21	19.33
(d) Current tax liabilities (net)	21	7.73	24.00
Total current liabilities		**2,506.96**	**3,091.83**
Total liabilities		**2,704.07**	**3,321.16**
Total equity and liabilities		**8,386.54**	**8,710.68**
Summary of material accounting policies	2.3		

The accompanying notes are an integral part of these Consolidated Financial Statements

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru, India
Date: April 30, 2025

Aneesh Reddy Boddu
Managing Director and CEO
DIN: 02214511
Place: Bengaluru, India
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: April 30, 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number - U72200KA2012PLC063060
Consolidated Statement of Profit and Loss for the year ended March 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

		Note	For the year ended March 31, 2025	For the year ended March 31, 2024
	Income			
I	Revenue from operations	22		
	- Retainership and other services		4,811.05	4,021.29
	- Installation revenue		1,100.31	746.69
	- Revenue from campaign services on a principal basis (refer note 22 (a))		-	483.02
	- Revenue from campaign services on an agent basis (refer note 22 (a))		71.23	-
II	Other income	23	136.10	103.40
III	**Total income (I+II)**		**6,118.69**	**5,354.40**
IV	**Expenses**			
	Cost of campaign services (refer note 22 (b))		-	417.03
	Professional and consultancy expenses		994.93	873.15
	Software and server charges		921.85	935.84
	Employee benefit expense	24	2,955.20	2,719.43
	Other expenses	27	460.98	423.86
	Total expenses (IV)		**5,332.96**	**5,369.31**
V	**Earnings before interest expense, taxes, depreciation and amortisation (EBITDA)**		**785.73**	**(14.91)**
VI	Finance costs	25	77.88	177.08
VII	Depreciation and amortisation expenses	26	601.03	560.61
			678.91	**737.69**
VIII	**Profit/ (loss) before exceptional items and tax from continuing operations (V-VI-VII)**		**106.82**	**(752.60)**
IX	**Profit/ (loss) before tax**		**106.82**	**(752.60)**
X	**Tax expenses/ (credit)**			
	(a) Current tax	28	(12.90)	1.93
	(b) Deferred tax credit	28	(21.82)	(71.02)
	Total tax credit		**(34.72)**	**(69.09)**
XI	**Profit/ (loss) for the year from continuing operations (IX - X)**		**141.54**	**(683.51)**
XII	**Profit/ (loss) before tax from discontinued operations**	41	(8.54)	113.58
XIII	**Tax expense of discontinued operations**	41	0.20	23.85
XIV	**Profit/ (loss) from discontinued operations after tax**		**(8.74)**	**89.73**
XV	**Profit/ (loss) for the year**		**132.80**	**(593.78)**
XVI	**Other comprehensive income**			
	Items that will be reclassified to profit or loss:			
	(i) Exchange differences on translating financial statements of foreign operations		72.74	63.88
	Items that will not to be reclassified to profit or loss:			
	(i) Re-measurement losses on defined benefit plan, net of tax		(4.24)	(4.06)
	Other comprehensive income for the year, net of tax		**68.50**	**59.82**
XVII	**Total comprehensive income/ (loss) for the year (XV+XVI)**		**201.30**	**(533.96)**
XVIII	**Earnings/ (loss) per equity share (EPS)**	29		
	EPS from continuing operations (face value - ₹ 2 each)			
	Basic (in ₹ per share)		1.93	(12.15)
	Diluted (in ₹ per share)		1.91	(12.15)
	EPS from discontinued operations (face value - ₹ 2 each)			
	Basic (in ₹ per share)		(0.12)	1.59
	Diluted (in ₹ per share)		(0.12)	1.57
	EPS from continuing and discontinued operations (face value - ₹ 2 each)			
	Basic (in ₹ per share)		1.81	(10.55)
	Diluted (in ₹ per share)		1.79	(10.55)
	Summary of material accounting policies	2.3		

The accompanying notes are an integral part of these Consolidated Financial Statements

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru, India
Date: April 30, 2025

Aneesh Reddy Boddu
Managing Director and CEO
DIN: 02214511
Place: Bengaluru, India
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091
Place: Bengaluru, India
Date: April 30, 2025

Consolidated Statement of Changes in Equity for the year ended March 31, 2025

(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	**73.23**	**146.46**	**52.89**	**105.79**
Issuance of share capital (refer note 12(a)[1,2])	0.09	0.19	2.76	5.51
Issue of rights shares (refer note 12(a)[3])	-	-	11.05	22.10
Conversion of External Commercial Borrowings (ECBs) into fully paid shares (refer note 12(a)[4])	-	-	0.44	0.87
Conversion of convertible instruments (refer note 12(a)[5])	-	-	5.52	11.05
Exercise of share based payments (refer note 12(a)[6])	-	-	0.57	1.14
Equity shares outstanding at the end of the year	**73.32**	**146.65**	**73.23**	**146.46**

B. Other equity

Particulars	Attributable to the equity shareholders - Other equity						
	Reserves and surplus					Other Comprehensive income	Total
	Retained earnings	Capital contribution from Ultimate Holding Company	Securities premium	Share based payment reserve	Capital reserve	Foreign currency translation	Total other equity
As at March 31, 2023	**(4,566.70)**	**1,810.66**	**2,573.86**	**888.53**	**868.23**	**(15.94)**	**1,558.64**
Opening translation adjustment	-	-	-	-	-	201.26	201.26
Loss for the year	(593.78)	-	-	-	-	-	(593.78)
Other comprehensive (loss)/income for the year (net of taxes)*	(4.06)	-	-	-	-	63.88	59.82
Total comprehensive (loss)/income for the year	**(597.84)**	**-**	**-**	**-**	**-**	**63.88**	**(533.96)**
Contributions and distributions							
Issuance of share capital (refer note 12(a)[1])	-	-	844.49	-	-	-	844.49
Issue of rights shares (refer note 12(a)[2])	-	-	464.19	-	-	-	464.19
Conversion of ECBs into fully paid equity shares (refer note	-	-	133.13	-	-	-	133.13
Conversion of convertible instruments (refer note 12(a)[4])	-	-	1,690.45	-	-	-	1,690.45
Exercise of share based payments (refer note 12(a)[5])	-	-	174.63	(174.63)	-	-	-
Warrants issued on behalf of the Group	-	926.15	-	-	-	-	926.15
Share based payment expenses (refer notes 24 and 31)	-	-	-	79.08	-	-	79.08
Surrender of employee stock options and re-purchase, net (refer note 24 and 31)	-	-	-	(120.37)	-	-	(120.37)
Total contributions and distributions	**-**	**926.15**	**3,306.89**	**(215.92)**	**-**	**-**	**4,017.12**
Balance as at March 31, 2024	**(5,164.54)**	**2,736.81**	**5,880.75**	**672.61**	**868.23**	**249.20**	**5,243.06**
Profit for the year	132.80	-	-	-	-	-	132.80
Other comprehensive income/(loss) for the year (net of taxes)*	(4.24)	-	-	-	-	72.74	68.50
Total comprehensive income for the year	**128.56**	**-**	**-**	**-**	**-**	**72.74**	**201.30**
Contributions and distributions							
Issuance of share capital (refer note 12(a)[1])	-	-	49.73	-	-	-	49.73
Share based payment expenses (refer notes 24 and 31)	-	-	-	89.98	-	-	89.98
Surrender of employee stock options and re-purchase, net (refer note 24 and 31)	343.18	-	-	(391.43)	-	-	(48.25)
Total contributions and distributions	**343.18**	**-**	**49.73**	**(301.45)**	**-**	**-**	**91.46**
Balance as at March 31, 2025	**(4,692.80)**	**2,736.81**	**5,930.48**	**371.16**	**868.23**	**321.94**	**5,535.82**

*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 2.3

The accompanying notes are an integral part of these Consolidated Financial Statements

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru, India
Date: April 30, 2025

Aneesh Reddy Boddu
Managing Director and CEO
DIN: 02214511
Place: Bengaluru, India
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership No: A17091
Place: Bengaluru, India
Date: April 30, 2025

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)
CIN Number - U72200KA2012PLC063060
Consolidated Statement of Cash Flows for the year ended March 31, 2025
(All amounts in Indian Rupees (₹) millions, unless otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Cash flow from operating activities		
Profit/ (Loss) for the year from continuing operations before exceptional items and tax	**106.82**	**(752.60)**
Profit/ (Loss) for the year from discontinued operations before tax	**(8.54)**	**113.58**
Adjustments to reconcile loss before tax to net cash flows		
Depreciation and amortisation expenses	621.98	582.20
Loss allowances under expected credit loss model(refer note 27)	78.42	41.21
Share based payments (refer note 24)	80.94	68.84
Profit on sale of investments (refer note 23)	(76.53)	(17.55)
Fair value change in financials assets measured at fair value through statement of profit and loss	-	(9.59)
Interest income on income tax refund	(2.05)	(2.58)
Profit on sale of property, plant and equipment(refer note 23)	(0.62)	(0.51)
Property, plant and equipment written off (refer note 27)	0.81	2.31
Interest income on corporate deposit	(25.18)	(6.50)
Provision / liabilities no longer required, written back	(0.18)	(26.07)
Unrealised exchange (gain)/ loss on foreign currency transactions (net)	9.76	(19.23)
Interest income on bank deposits and security deposit	(13.92)	(12.99)
Finance costs	68.53	168.30
Operating profit before working capital changes	**840.24**	**128.82**
Working capital adjustments :		
Decrease/(Increase) in trade receivables	(242.89)	564.87
Increase in other assets	(166.51)	(948.06)
Decrease/(Increase) in other financial assets	(12.40)	242.35
(Decrease)/Increase in trade payable	(222.33)	139.69
Increase in provision	9.24	6.19
(Decrease)/Increase other financial liabilities	(77.97)	74.57
(Decrease)/Increase in other liabilities	(551.04)	755.72
Cash (used in) / generated from operations	**(423.66)**	**964.15**
Direct taxes (paid) /refund, net	(38.33)	7.20
Net cash (used in)/generated by operating activities (A)	**(461.99)**	**971.35**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and intangible assets under development	(474.58)	(369.32)
Proceeds from sale of property, plant and equipment	0.62	2.31
Sale/(Purchase) of current investment, net	775.78	(672.11)
Corporate deposits placed	(400.00)	(399.99)
Proceeds from redemption of corporate deposits	799.99	-
Interest income on bank deposits	13.92	10.14
Interest income on corporate deposits	25.18	0.64
Investment in bank deposits (net)	(105.13)	(29.10)
Payment of acquisition of subsidiary	-	(387.82)
Net cash inflow from/(used in) investing activities (B)	**635.78**	**(1,845.25)**
C. Cash flow from financing activities		
Proceeds from issue of share capital, (including security premium)	49.92	1,337.43
Proceeds from issue of Non Convertible Debentures (NCDs)	-	50.00
Repayment of Non Convertible Debentures (NCDs)	(352.48)	(237.89)
Proceeds from issue of Compulsory Convertible Debentures (CCDs)	-	1,701.50
Repayment of long-term borrowings	-	(366.82)
Repayment of principal and interest portion of lease liabilities (refer note 32)	(33.04)	(24.23)
Proceeds from short-term borrowings (net)	581.06	4.90
Finance costs paid	(64.62)	(166.91)
Surrender of employee stock options and re-purchase, net	(48.25)	(120.37)
Net cash used in/(generated by) financing activities (C)	**132.59**	**2,177.61**
Net increase in cash and cash equivalents (A+B+C)	306.38	1,303.71
Cash and cash equivalents at the beginning of the year	1,806.68	462.00
Effect of exchange differences on cash and cash equivalents held in foreign currency	27.65	40.97
Cash and cash equivalents at the end of the year	**2,140.71**	**1,806.68**
Components of cash and cash equivalents		
Balances with banks		
- On current accounts	**2,140.71**	**1,806.68**
Total cash and cash equivalents (refer note 9)	**2,140.71**	**1,806.68**

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)	366.38	(352.48)	(0.36)	13.54
Current borrowings (excluding current maturities)	405.28	581.06	1.06	987.40

	As at April 1, 2023	Cashflows	Non-cash movement	As at March 31, 2024
Non-current borrowings (including current maturities)	810.93	1,096.79	(1,541.34)	366.38
Current borrowings (excluding current maturities)	663.78	4.90	(263.40)	405.28

Summary of material accounting policies 2.3
The accompanying notes are an integral part of these Consolidated Financial Statements

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited
CIN :U72200KA2012PLC063060

Aasheesh Arjun Singh
Partner
Membership No: 210122

Place: Bengaluru, India
Date: April 30, 2025

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Managing Director and CEO
DIN: 02214511

Place: Bengaluru, India
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Anant Choubey
Executive Director, COO & CFO
DIN: 06536413

Place: Bengaluru, India
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership Number - A17091

Place: Bengaluru, India
Date: April 30, 2025

1. Corporate Information

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) ("the Company" or "the Parent Company") is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at #360 bearing PID No 101, 360, 15th Cross Rd, Sector 4, HSR Layout, HSR Layout, Bangalore, Bangalore South, Karnataka, India, 560102.

The Company along with its subsidiaries (hereinafter collectively referred to as "the Group") are primarily engaged in the business of providing cloud based intelligent customer engagement software solutions.

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors of the Parent Company on April 30, 2025.

2. Basis of preparation for consolidated financial statements

The material accounting policies applied by the Group in the preparation of its Consolidated Financial Statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these Consolidated financial statements.

2.1 Basis of preparation

The Consolidated Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind As) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provision of the Companies Act, 2013, as applicable.

The Consolidated Financial Statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective as at March 31, 2024.

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

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 Group has elected to present Earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the restated Consolidated Statement of Profit and Loss. In its measurement of EBITDA, the Group includes other income but does not include depreciation and amortization expense, finance costs, tax expenses/ (credit), net and exceptional items, if any.

These Consolidated financial statements are presented in ₹ and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

2.2. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at March 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
► Exposure, or rights, to variable returns from its involvement with the investee, and
► The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

► The contractual arrangement with the other vote holders of the investee
► Rights arising from other contractual arrangements
► The Group's voting rights and potential voting rights
► The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., period ended on March 31. When the end of the reporting period of the Parent Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

2.2. Basis of Consolidation (cont'd)

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- ► Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- ► Derecognises the carrying amount of any non-controlling interests
- ► Derecognises the cumulative translation differences recorded in equity
- ► Recognises the fair value of the consideration received
- ► Recognises the fair value of any investment retained
- ► Recognises any surplus or deficit in profit or loss
- ► Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- ► Reclassifies the Parent Company's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of material accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:
- ► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- ► Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- ► Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- ► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- ► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

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.

a. Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Group recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current versus non-current classification

The Group presents assets and liabilities in the Consolidated 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non- current.

c. Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- ► In the principal market for the asset or liability, or
- ► In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

c. Fair value measurement (cont'd)

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

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

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
► Disclosures for valuation methods, significant estimates and assumptions
► Quantitative disclosures of fair value measurement hierarchy
► Financial instruments (including those carried at amortised cost)

d. Revenue recognition

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

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

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

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

(ii) Campaign services
The Group provides SMS campaign services that are bundled together with the retainer services. The Group recognises revenue based on the usage of messaging services i.e., when the Group's services are used based on the specific terms of the contract with customers**.** The Group recognises revenue either on a gross or net basis depending on the nature of its role in the transaction, in accordance with Ind AS 115. Revenue is recorded on a gross basis when the Group acts as a principal in the transaction, meaning it has control over the services before they are transferred to the customer.

Revenue is recorded on a net basis when the Group acts as an agent, facilitating a transaction between a supplier and the customer. In this case, the revenue is recorded as the net amount retained after deducting the cost of services provided by the supplier.

The determination of whether revenue is recognised on a gross or net basis is assessed on a transaction-by-transaction basis, considering specific terms and conditions of each arrangement

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

In contracts with customers where the retainership, campaign services and installation services are bundled together, the Group has applied the guidance in IndAS 115 by applying the revenue recognition criteria for each distinct performance obligation. For allocating the transaction price, the Group has measured the revenue in respect of each performance obligation of a contract and its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price.

The Group has assessed its revenue arrangements based on the substance of the transaction and business model against specific criteria to determine if its is acting as principal or agent.

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 Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the Consolidated 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 Group, and the amount of the dividend can be measured reliably.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group 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). Refer to accounting policies of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement below

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

Contract liabilities

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

e. Taxes on income

Current income tax

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

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Consolidated 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 it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

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

e. Taxes on income (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

f. Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset are derecognised when replaced. All other repairs and maintenance are charged to Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

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

Depreciation is calculated on a written down value over 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	Office Equipment	5
2	Computers	3
3	Furniture and fixtures	10

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

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

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

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

g. Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

Intellectual property rights and customer relationships

Intellectual property rights and customer relationships acquired on the acquisition of a subsidiary are measured initially on the basis of fair valuation determined in the Purchase Price Allocation as determined by an independent valuer. Following initial recognition, these intangibles are carried at the initial recognition value less accumulated amortisation and accumulated impairment losses, if any.

g. Intangible assets (cont'd)

Patents

Patents and licenses are measured on initial recognition at professional charges incurred on registration of such patents in connection with the Group customer servicing methodology and if the registration of the patent is under progress, the same is recognised as Intangible assets under development.

Internally generated intangible assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

Software product development is expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the cost can be measured reliably. The costs which can be capitalised including the cost of employees and overhead costs that are directly attributable to preparing the asset for its intended use.

The Group has identified certain intangibles which are being internally generated. In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group had completed the research and acceptance phase and the projects are in the development phase. The Group has done evaluation of the internally generated software and concluded on being treated as intangible assets. Refer note 4 for further disclosure.

Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit from the related project. Amortisation expense is recognised in the Consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

Goodwill

Goodwill (i.e. intangible assets with indefinite useful lives) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Sl. No.	Block	Useful lives estimated by the management (in years)
1	Computer software	3
2	Intellectual property rights and customer relationships	2 to 5
3	Patents	1 to 3
4	Internally generated intangible assets	3

h. Borrowing costs

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

i. Leases

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

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

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

i. Leases (cont'd)

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

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

Lease liabilities

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

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

Short term leases and leases of low-value assets

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

j. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its 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 group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

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

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

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Consolidated Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

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

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

Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

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

k. Provisions and contingent liabilities

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

k. Provisions and contingent liabilities (cont'd)

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

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable

costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

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

Provisions and contingent liability are reviewed at each balance sheet.

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

l. Retirement and other employee benefits

Short-term employee benefits

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee
benefits. When an employee has rendered service to the Group during an accounting period, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in the Consolidated Statement of Profit and Loss in the period in which the employee renders the related service.

Defined contribution plans

Eligible employees of the Group in the United States participate in a savings plan under Section 401(k) ("Plan") of the United States Internal Revenue Code (the "Code"). The Plan allows employees to defer a portion of their annual earnings on a pre-tax basis through voluntary contributions to the Plan. The Group has a 401(k) plan that provides defined contribution retirement benefits for all the employees in the United States.

Eligible employees of the Group in India, Singapore, Indonesia and Malaysia participate in a defined contribution plan (Provident Fund, Social Security, Indonesia and Malaysia respectively) in accordance with the regulatory requirements in the respective jurisdictions. Both the employee and the relevant Company in the Group contribute to the fund at a specified percentage of the employee's salary

The Group has no further obligation under defined contribution plans beyond the contributions made under these plans.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees
at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Group accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

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

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

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

m. Financial instruments

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

m. Financial instruments (cont'd)

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

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

Effective interest method

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

(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 Consolidated 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 Consolidated Statement of Profit and Loss.

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

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

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

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

De-recognition of financial assets

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

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

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

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in Consolidated Statement of Profit or Loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

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

(ii) Financial liabilities and equity instruments (cont'd)

Equity instruments

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

Financial liabilities

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

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

b) De-recognition

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

Off-setting of financial instruments

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

n. Segment reporting

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

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

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

o. Cash and cash equivalents

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

p. Share based payments

Certain employees of the Group are entitled to share-based payments, whereby employees render services as consideration for equity instruments of the holding Group (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate Black-Scholes valuation model.

That cost is recognised, together with a corresponding increase in capital contribution from 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 Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated Ind AS statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

p. Share based payments (cont'd)

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

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

q. Foreign currencies

The Group's Consolidated Financial Statements are presented in ₹, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

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

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- ► Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated 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 Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- ► Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

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 Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the Consolidated 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.

r. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the Parent 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 Parent Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

s. Initial Public Offering (IPO) Transaction cost

The costs of an IPO that involves both issue and listing of new shares and listing the existing equity shares has been accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares has been deferred until successful consumption of IPO upon which it shall be deducted from equity (net of any income tax benefit).
- Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, has been recorded as an expense in the Consolidated Statement of Profit and Losses and when incurred.
- Costs that relate to both share issuance and listing has been allocated between those functions on a rational and consistent basis i.e. based on proportion of new shares issued to the total number of (new and existing) shares listed.

2.4 Material accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

(i) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Consolidated Balance Sheet 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 36 for further disclosures.

b. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Refer note 33 for further disclosures.

c. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plan operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 30.

d. Provision for expected credit losses of trade receivables and contract assets

The Group estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 8.1.

e. Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. Refer note 32 for further disclosures.

f. Share based payments

The Group measures the cost of equity settled transactions with employees at the grant date using a Black Scholes model for General Employee Share Option Plan (GESP) and 'Capillary Employees Stock Option Scheme' - 2021 (CESP). This estimation also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, risk free interest rate, volatility, dividend yield and time value of money and making assumptions about them. The assumptions and model used for estimating the fair value of the share based payments are disclosed in note 31.

g. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 28 for further disclosures.

The Group has carried forwarded tax losses. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

h. Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on Discounted Cashflows Model ("DCF model"). The cash flows projections are based on estimates and assumptions which are considered as reasonable by the management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate (i.e. 28% p.a) used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group (refer note 4 and 38).

i. Capitalisation of internally generated software

The Group has identified certain intangibles which are being internally generated. In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.
The Group had completed the research and acceptance phase and the projects are in the development phase. The Group has done evaluation of the internally generated software and concluded on being treated as intangible assets. Refer note 4 for further disclosure.

j. Cash flow statement

Cash flows are reported using indirect method, whereby net profits/ (loss) 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.
Consolidated cash flow statement presented includes cash flows from both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note 41.

k. Discontinued operations

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

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 Consolidated Statement of Profit and Loss is re-presented as if the operation had been discontinued from the start of the comparative periods.

2.5 Recent accounting pronouncement

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. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions. The Group has reviewed the new pronouncements and based on its evaluation has determined that it is not applicable to the Group.

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

3 Property, Plant and Equipment and Right of use assets

A. Reconciliation of carrying amount

Particulars	Right of use assets	Property, Plant and Equipment				Total
	Buildings	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	
Balance as at April 1, 2023	**45.31**	**60.13**	**1.59**	**1.19**	**1.20**	**64.11**
Additions during the year	38.58	18.72	1.25	-	-	19.97
Adjustment pursuant to acquisition of a subsidiary (refer note 38)		11.29	1.48	-	-	12.77
Disposals during the year	(35.48)	(28.81)	-	-	-	(28.81)
Modification of right-of-use assets	(4.37)	-	-	-	-	-
Translation adjustments during the year	0.21	5.37	-	0.01	(0.05)	5.33
Balance as at March 31, 2024	**44.25**	**66.70**	**4.32**	**1.20**	**1.15**	**73.37**
Additions during the year	63.16	30.52	1.62	-	-	32.14
Disposals during the year	-	(4.84)	(2.71)	-	(0.77)	(8.32)
Translation adjustments during the year	-	0.88	0.08	-	-	0.96
Balance as at March 31, 2025	**107.41**	**93.26**	**3.31**	**1.20**	**0.38**	**98.15**
Accumulated depreciation						
Balance as at April 1, 2023	**27.24**	**39.01**	**0.55**	**1.19**	**0.80**	**41.55**
Charge for the year	22.18	25.74	1.75	-	0.11	27.60
Disposals for the year	(35.48)	(27.01)	-	-	-	(27.01)
Translation adjustments during the year	0.18	(0.01)	0.01	0.01	0.01	0.02
Balance as at March 31, 2024	**14.12**	**37.73**	**2.31**	**1.20**	**0.92**	**42.16**
Charge for the year	33.44	27.26	1.25	-	0.05	28.56
Disposals for the year	-	(4.52)	(2.35)	-	(0.64)	(7.51)
Translation adjustments during the year	0.01	0.56	0.06	-	0.05	0.67
Balance as at March 31, 2025	**47.57**	**61.03**	**1.27**	**1.20**	**0.38**	**63.88**
Carrying amounts						
As at March 31, 2024	**30.13**	**28.97**	**2.01**	**-**	**0.23**	**31.21**
As at March 31, 2025	**59.84**	**32.23**	**2.04**	**-**	**-**	**34.27**

4 Other Intangible Assets and Intangible Assets Under Development (IAUD)

A. Reconciliation of carrying amount

Particulars	Computer software	Internally generated assets	Intellectual property rights	Patents	Customer relationships	Total	Goodwill[1]	Intangible assets under development
Cost								
Balance as at April 1, 2023	**5.90**	**769.86**	**83.70**	**9.88**	**445.58**	**1,314.92**	**1,652.92**	**54.97**
Additions during the year	0.58	324.69	-	-	-	325.27	-	17.81
Capitalisation during the year	-	41.68	-	-	-	41.68	-	(41.68)
Adjustment pursuant to acquisition of a subsidiary (refer note 38)	-	45.61	49.97	-	641.11	736.69	159.49	-
Translation adjustments during the year	-	4.71	1.96	-	12.33	19.00	26.03	-
Balance as at March 31, 2024	**6.48**	**1,186.55**	**135.63**	**9.88**	**1,099.02**	**2,437.56**	**1,838.44**	**31.10**
Additions during the year	-	271.68	-	-	-	271.68	-	177.59
Capitalisation during the year	-	208.69	-	-	-	208.69	-	(208.69)
Translation adjustments during the year	-	1.17	3.42	-	27.82	32.41	46.54	-
Balance as at March 31, 2025	**6.48**	**1,668.09**	**139.05**	**9.88**	**1,126.84**	**2,950.34**	**1,884.98**	**-**
Accumulated amortisation								
Balance as at April 1, 2023	**4.84**	**477.28**	**44.39**	**9.88**	**234.66**	**771.05**	**-**	**-**
Charge for the year	0.86	237.36	41.57	-	252.63	532.42	-	-
Translation adjustments during the year	-	(0.02)	(0.01)	-	22.24	22.21	-	-
Balance as at March 31, 2024	**5.70**	**714.62**	**85.95**	**9.88**	**509.53**	**1,325.68**	**-**	**-**
Charge for the year**	0.21	346.12	27.27	-	186.38	559.98	-	-
Translation adjustments during the year	-	0.76	8.60	-	24.93	34.29	-	-
Balance as at March 31, 2025	**5.91**	**1,061.50**	**121.82**	**9.88**	**720.84**	**1,919.95**	**-**	**-**
Carrying amounts								
As at March 31, 2024	**0.78**	**471.93**	**49.68**	**-**	**589.49**	**1,111.88**	**1,838.44**	**31.10**
As at March 31, 2025	**0.57**	**606.59**	**17.23**	**-**	**406.00**	**1,030.39**	**1,884.98**	**-**

[1]The Group has only one Cash Generating Unit (CGU) to which the goodwill (with indefinite life) acquired in earlier years through acquisition of business, has been entirely allocated. The carrying amount of goodwill as at the end of the each reported year is ₹ 1,884.98 (March 31, 2024: ₹ 1,838.44) million respectively. As at March 31, 2025, the goodwill amount pertains to acquisition of Capillary Technologies LLC (formerly known as Persuade Loyalty LLC), acquired w.e.f. September 1, 2021 amounting to ₹ 1,720.22 million and the balance amount of ₹ 164.76 million pertains to acquisition of Capillary Brierley Inc. (formerly known as Brierley & Partners Inc., acquired w.e.f. April 1, 2023.

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

4 **Other Intangible Assets and Intangible Assets Under Development (IAUD) (Cont'd)**

Following key assumptions were considered while performing impairment testing:

The recoverable amount has been calculated based on its value in use, estimated as the present value of projected future cash flows.

Key Assumption	March 31, 2025	March 31, 2024
Annual growth rate for next 5 financial year	4-10%	30-35%
Terminal growth rate	4%*	4%"
Weighted average cost of capital % (WACC) after tax (Discount rate)	27.70%	28.00%

*growth rate has been considered after the financial year 2023-24.

"growth rate has been considered after the financial year 2024-25

The growth rate used to estimate future performance are based on the conservative estimates from past performance.

The projections cover a period of five years, as the Group believes this to be the most appropriate time period over which to review and consider annual performances before applying fixed terminal value multiple to the final year cashflows. The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the

Impairment analysis was performed for the goodwill on consolidation. The recoverable amount was determined using the value in use of the cash generating units. The recoverable amount exceeds the carrying value, accordingly no impairment charges were identified for the year ended March 31, 2025 and March 31, 2024.

The Group has conducted sensitivity analysis including sensitivity in respect of discount rate on the impairment assessment of goodwill

The projections cover a period of five years, as the Group believes this to be the most appropriate time period over which to review and consider annual performances and thereafter fixed terminal value has been considered. The cash flow projection included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management estimate of the long term compound annual EBITDA growth rate, consistent with the assumption that the market participants would make.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta for the Group)

** Total charge for the year includes amortisation of ₹ 20.95 million (March 31, 2024 - ₹ 21.59 million) related to discontinued operations. Refer note 41.

a. Internally generated intangible assets capitalised and intangible assets under development comprise of the following:

Particulars	As at March 31, 2025		As at March 31, 2024	
	Internally generated assets[1]	Intangible assets under development	Internally generated assets[1]	Intangible assets under development
Salaries, wages and bonus	265.36	50.38	225.52	-
Share-based payments	9.04	-	10.24	-
Software and server charges	47.66	-	71.12	-
Professional and consultancy expenses	158.31	127.21	59.49	17.81
Total	480.37	177.59	366.37	17.81

[1]Includes ₹ 208.69 million (March 31, 2024: ₹ 41.68 million) from Intangible assets under development

b. Intangible assets under development (IAUD) ageing schedule

As at March 31, 2025
Not applicable

As at March 31, 2024

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	17.81	13.29	-	-	31.10
	17.81	13.29	-	-	31.10

There are no projects on each reporting period where activity has been suspended considering the nature of Intangible asset under development, there are no projects as on the reporting period which has exceeded cost as compared to the original plan or where completion is overdue.

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(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		
	Bank deposits with remaining maturity greater than 12 months[1]	224.22	121.16
	Security deposits	31.87	23.63
	Total	**256.09**	**144.79**
	Current		
	At amortised cost		
	Security deposits	12.43	11.93
	Other receivables from related parties (refer note 34)[2]	12.40	2.81
	Advances to employees	2.79	0.48
	Interest accrued on deposits	6.31	12.48
		33.93	**27.70**
		290.02	**172.49**

[1]Represents bank deposits under lien against short term borrowings bearing interest rate ranging from 7.40% to 7.50% (March 31, 2024 - 6.50% to 7.25%)

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

		As at March 31, 2025	As at March 31, 2024
6	**Other tax assets**		
	Advance income tax	79.88	43.06
	Total	**79.88**	**43.06**

		As at March 31, 2025		As at March 31, 2024	
7	**Investments**				
	Investments in mutual funds				
	Unquoted	**No. of units**	**Value**	**No. of units**	**Value**
	At fair value through profit and loss (FVTPL)				
	ABSL Money Manager Fund - Direct Plan - Growth	-	-	2,75,032	93.73
	Kotak Money Market Scheme - Direct Plan - Growth	-	-	49,276	203.14
	UTI Money Market Fund - Direct Plan - Growth	-	-	72,549	205.72
	Kotak Liquid Fund - Direct Plan - Growth	-	-	11,110	54.21
	DSP Liquidity Fund - Direct Plan - Growth	-	-	41,274	142.45
			-		**699.25**
	Aggregate book value of unquoted investments		-		699.25
	Aggregate market value of unquoted investments		-		699.25

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

	As at March 31, 2025	As at March 31, 2024
8 Trade receivables		
At amortised cost		
Trade receivables - considered good - Unsecured[1,2,3,4]	1,611.21	1,456.51
Trade receivables - credit impaired - Unsecured (refer note 8.1)[1,2,3,4]	128.28	53.33
	1,739.49	**1,509.84**
Impairment allowance (allowance for bad and doubtful debts)		
Less: Loss Allowances	(128.28)	(53.33)
Total trade receivables	**1,611.21**	**1,456.51**
-Others[1,2,3,4]	1,611.21	1,456.51
Total trade receivables	**1,611.21**	**1,456.51**

[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 34.

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

3Trade receivables includes unbilled revenue amounting to ₹ 274.51 million (March 31, 2024 - ₹ 332.00 million). Refer 8.2 below

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

8.1 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	53.33	10.53
Provision made during the year	78.42	41.21
Utilised during the year	(4.77)	(1.69)
Translation adjustment	1.30	3.28
At the end of the year	**128.28**	**53.33**

8.2 Trade receivables ageing schedule

As at March 31, 2025

	Outstanding for following periods from due date of payment							Total
	Unbilled*	**Not due**	**Less than 6 months**	**6 months - 1 year**	**1 -2 years**	**2 - 3 years**	**More than 3 years**	
Undisputed trade receivables								
- considered good	274.51	348.28	957.09	13.92	15.69	1.72	-	1,611.21
- credit impaired	-	-	21.41	9.67	94.34	2.86	-	128.28
Total	**274.51**	**348.28**	**978.50**	**23.59**	**110.03**	**4.58**	-	**1,739.49**

As at March 31, 2024

	Outstanding for following periods from due date of payment							Total
	Unbilled*	**Not due**	**Less than 6 months**	**6 months - 1 year**	**1 -2 years**	**2 - 3 years**	**More than 3 years**	
Undisputed trade receivables								
- considered good	332.00	641.34	422.09	43.85	17.01	0.22	-	1,456.51
- credit impaired			46.50	6.17	0.61	0.05	-	53.33
Total	**332.00**	**641.34**	**468.59**	**50.02**	**17.62**	**0.27**	-	**1,509.84**

* Unbilled revenue consists of contract assets, that primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional and is current but not due.

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

	As at March 31, 2025	As at March 31, 2024
9 Cash and cash equivalents		
At amortised cost		
-Balance with banks[1]	2,140.71	1,806.68
Total	**2,140.71**	**1,806.68**

[1]Balances with banks include restricted bank balances of ₹ 128.18 million (March 31, 2024: Nil). The restrictions are primarily on account of bank balances held as lien against loan taken by the Group

10 Loans		
At amortised cost		
Unsecured, considered good		
Corporate deposits*	-	399.99
	-	**399.99**

***Details of corporate deposits during the year[1]**

Name of borrower	Nature of relationship	Type of deposit	Rate of interest	Term
Bajaj Finance Limited	Others	Unsecured	7.85%-8.05%	Upto 12 months

***Details of corporate deposits during the previous year[1]**

Name of borrower	Nature of relationship	Type of deposit	Rate of interest	Term
Bajaj Finance Limited	Others	Unsecured	7.95%	< 6 months
Aditya Birla Finance Limited	Others	Unsecured	8.10%	< 6 months

[1]Corporate deposits are made to earn treasury income for current year as well as for previous year

Name of borrower	As at April 1, 2024	Placed during the year	Refunded during the year	As at March 31, 2025
Bajaj Finance Limited	200.00	400.00	(600.00)	-
Aditya Birla Finance Ltd	199.99	-	(199.99)	-
	399.99	**400.00**	**(799.99)**	

Name of borrower	As at April 1, 2023	Placed during the year	Refunded during the year	As at March 31, 2024
Bajaj Finance Limited	-	200.00	-	200.00
Aditya Birla Finance Ltd	-	199.99	-	199.99
	-	**399.99**	**-**	**399.99**

	As at March 31, 2025	As at March 31, 2024
11 Other assets		
At amortised cost		
Non-current		
Others (Unsecured, considered good)		
Deferred contract costs[1] (refer 11.1 for movement in contract balances)		
-considered good	7.62	9.46
-considered doubtful	-	-
Prepaid expenses	7.93	7.06
Advance towards acquisition of a subsidiary[2]	87.22	-
Contractual customer asset[3]	750.48	805.03
Total	**853.25**	**821.55**
Current		
Unsecured, considered good		
Advances other than capital advances		
-considered good	164.40	19.64
-considered doubtful	-	-
Deferred contract costs[1] (refer 11.1 for movement in contract balances)		
-considered good	21.76	5.22
-considered doubtful	-	-
Prepaid expenses	83.92	113.10
Balance with statutory/ government authorities	19.95	16.47
Contractual customer asset[3]	106.34	107.13
Total	**396.37**	**261.56**

[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 Group 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.

	As at March 31, 2025	As at March 31, 2024
11.1 Deferred contract costs		
At the beginning of the year	14.68	15.55
Additions during the year	44.01	18.25
Amortised during the year	(29.61)	(16.91)
Translation adjustments during the year	0.30	(2.21)
At the end of the year	**29.38**	**14.68**
The same is shown under:		
Non-current	7.62	9.46
Current	21.76	5.22

12 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				
125,000,000 equity shares (March 31, 2024: 125,000,000 equity shares) of ₹ 2	125.00	250.00	125.00	250.00
100,000 preference shares (March 31, 2024: 100,000 equity shares) of ₹ 10 each	0.10	1.00	0.10	1.00
Total	**125.10**	**251.00**	**125.10**	**251.00**
Issued, subscribed and fully paid-up shares				
73,329,138 equity shares (March 31, 2024 73,234,353 equity shares) of ₹ 2 each	73.32	146.65	73.23	146.46
Total	**73.32**	**146.65**	**73.23**	**146.46**

(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	**73.23**	**146.46**	**52.89**	**105.79**
Issuance of share capital[1, 2]	0.09	0.19	2.76	5.51
Issue of Rights shares during the year[3]	-	-	11.05	22.10
Conversion of external commercial borrowings (ECBs) into fully paid shares[4]	-	-	0.44	0.87
Conversion of convertible instruments[5]	-	-	5.52	11.05
Exercise of equity settled share based payments[6]	-	-	0.57	1.14
Equity shares outstanding as at the end of the year	**73.32**	**146.65**	**73.23**	**146.46**

[1] Pursuant to the approval of Board of Directors dated January 18, 2025, the Company approved the allotment of 94,785 equity shares of face value of ₹ 2 each at a price of ₹ 526.7 per equity share (including securities premium of ₹ 524.7 per equity share) for an amount aggregating to ₹ 49.92 million on a private placement basis under the provisions of the Companies Act, 2013 and all other applicable laws and regulations.

[2] Pursuant to the approval of Board of Directors on multiple dates during the year ended March 31, 2024, the Parent Company approved the allotment of 2,759,755 equity shares of face value of ₹ 2 each at a price of ₹ 308 per equity share (including securities premium of ₹ 306 per equity share) for an amount aggregating to ₹ 850.00 million on a private placement basis under the provisions of the Act and all other applicable laws and regulations.

[3] Pursuant to the approval of Board of Directors dated March 28, 2024, the Parent Company approved the allotment of 11,052,223 equity shares of face value of ₹ 2 each at a price of ₹ 44 per equity share (including securities premium of ₹ 42 per equity share) for an amount aggregating to ₹ 486.29 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

[4] Pursuant to the approval of Board of Directors dated January 29,2024 , the Parent Company approved the allotment of 435,065 equity shares of face value of ₹ 10 each at a price of ₹ 308 per equity share (including securities premium of ₹ 306 per equity share) for an amount aggregating to ₹ 134.00 million for consideration other than cash consequent to conversion of external commercial borrowings to Capillary Technologies International Pte. Ltd., the Ultimate Holding Company.

[5] Pursuant to the approval of the Board of Directors, the Parent Company approved the conversion of Compulsory Convertible Debentures (CCDs) issued during the year into 5,524,350 equity shares of face value of ₹ 2 each at a price of ₹ 308 per equity share (including securities premium of ₹ 306 per equity share) for an amount aggregating to ₹ 1701.50 million on a private placement basis under the provisions of Companies Act, 2013 and all other applicable laws and regulations.

[6] Pursuant to the approval of Nomination and Remuneration Committee dated November 15, 2023, the Parent Company approved the allotment of 571,064 equity shares arisen out of exercise of vested employee stock options under Capillary ESOP-2021 Scheme. The ESOP's exercised were of face value of ₹ 2 each at a price of ₹ 307.80 per equity share (including securities premium of ₹ 305.80 per equity share) for an amount aggregating to ₹ 175.77 million.

(ii) Shares held by the Ultimate 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 Technologies International Pte Ltd, Singapore, the Ultimate Holding Company				
Equity shares of ₹ 2 each fully paid (March 31, 2024: Equity shares of ₹ 2 each fully paid)	49.14	98.27	51.07	102.14

(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
Equity shares of ₹ 2 each (March 31, 2024 : ₹ 2 each), fully paid				
Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company[1]	49.14	67.00%	51.07	69.74%
Avataar Holdings	3.29	4.49%	3.13	4.27%
Avataar II Co Investment II Ltd	5.52	7.54%	5.52	0.08
Avataar Venture Partners II	4.04	5.52%	4.04	0.06

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

[1]Includes 20 shares held by Mr. Sridhar Bollam (as a nominee).

(iv) Disclosure of shareholding of promoters

Promoter name	No. of shares at the beginning of the year (in millions)	Change during the period	No. of shares at the end of the year (in millions)	% of total shares	% change during the year
Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company					
March 31, 2025	51.07	(1.93)	49.14	67.00%	(2.74%)
March 31, 2024	49.04	2.03	51.07	69.74%	(22.98%)

12 Equity share capital (cont'd)

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

The Parent Company has only one class of equity shares having par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(vi) Rights, preference and restrictions attached to preference shares

The Parent Company had only one class of preference shares having par value of ₹ 10 per share.
Each CCPS had a par value of ₹ 10 and is convertible at the option of the Parent Company into equity shares of the Parent Company prior to the expiry of 20 years from the date of such issuance. The preference shares carries a dividend of 0.01% per annum. Dividend is to be paid as and when it is paid and declared on the equity shares. The dividend rights are non-cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

(vii) 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)	-	0.44

(viii) Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the Parent Company, refer note 31.

13 Other equity

	As at March 31, 2025	As at March 31, 2024
Retained earnings #		
Opening balance	**(5,164.54)**	**(4,566.70)**
Profit/ (Loss) for the year	132.80	(593.78)
Add: Re-measurement (losses) on defined benefit plans	(4.24)	(4.06)
Surrender of employee stock options and repurchase, net	343.18	-
	(4,692.80)	**(5,164.54)**
Capital contribution from the Ultimate Holding Company		
Opening Balance	**2,736.81**	**1,810.66**
Warrant issued on behalf of the Group	-	926.15
	2,736.81	**2,736.81**
Securities premium		
Opening balance	**5,880.75**	**2,573.86**
Issuance of share capital (refer note 12(a)[1, 2])	49.73	844.49
Issue of rights shares during the year(refer note 12(a)[3])	-	464.19
Conversion of external commercial borrowings (ECBs) into fully paid shares (refer note 12(a)[4])	-	133.13
Conversion of convertible instruments (refer note 12(a)[5])	-	1,690.45
Settlement of share based payment (refer note 12(a)[6])	-	174.63
	5,930.48	**5,880.75**
Share based payment reserve (refer note 31)		
Opening balance	**672.61**	**888.53**
Share based payment (note 31)	89.98	79.08
Surrender of employee stock options and repurchase, net	(391.43)	(295.00)
	371.16	**672.61**
Capital reserve	**868.23**	**868.23**
Foreign Currency Translation Reserve (FCTR)		
Opening balance	**249.20**	**(15.94)**
Opening translation adjustment	-	201.26
Movement during the year	72.74	63.88
	321.94	**249.20**
Total other equity	**5,535.82**	**5,243.06**

The Group had incurred cash losses during the previous year ended March 31, 2024, which had resulted in substantial erosion of net worth of the Group. The management of the Group basis its business plan as approved by the Board of Directors expected that there will be a significant increase in the operations of the Group that will lead to improved cash flows and long-term sustainability and the Group will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Further during the year ended March 31, 2025 the Group has made profits. Accordingly, the consolidated financial statements of the Group had been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern respectively.

Nature and purpose of reserves

13.1 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.

13.2 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 Parent 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 Parent Company, including key management personnel, as part of their remuneration by the Ultimate Holding Company. Refer note 31 for further details. Further the Ultimate Holding Company has issued 3,011,871 number of share warrants to one of the customers of the group.

13.3 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.

13.4 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 Group under Employee Stock Option Plan.

13.5 Capital reserve

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

13.6 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.

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

14 Borrowings

	As at March 31, 2025		As at March 31, 2024	
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Debentures				
Non convertible unlisted redeemable debentures (secured)[1]	-	-	29.92	322.56
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	-	-
Bank overdraft (secured)[4]	-	95.72	-	106.70
Working capital loans from banks (secured)[4,5]	-	421.66	-	298.58
Total	**12.82**	**988.12**	**41.69**	**729.97**

Interest and security notes to Borrowings:

[1]The Parent Company had entered into a debenture trust deed dated March 29, 2023 for the issue of 6,000 (six thousand) fully paid, unlisted, secured and redeemable non-convertible debentures (NCD) of face value of ₹ 100,000 each, aggregating to an amount of ₹ 600 million for general corporate purpose. As on March 31, 2024 the Company had issued 6,000 fully paid, NCD, on a private placement basis, aggregating to an amount of ₹ 600 million. The NCD carries fixed coupon rate of 14.5% per annum, payable monthly on first of each month from the date of disbursement. NCD shall mature on April 1, 2025 and the principal amount of NCD are payable in equal monthly instalment starting from September 01, 2023. NCD is secured by way of first pari pasu charge on all the existing future, fixed, non-current and current assets, including any and all intellectual property and the intellectual property rights with respect to these movables present and future, accounts, cashflows, receivables, book debts, revenue, equipment, inventory, contract rights or right to payment of money, leases, license agreement, franchise agreements, goodwill, uncalled capital, general intangibles, documents, instruments (including any promissory parent notes), chattel paper (whether tangible or intangibles), cash, deposit accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by writing) and all other investment property of the Company. NCD is also secured by way of unconditional and irrevocable corporate guarantee from Capillary Technologies International Pte Ltd, Singapore, the Ultimate Holding Company. The Parent Company has re-paid the entire amount as at March 31, 2025.

[2]US Dollar term loan from Body Corporate - SBA in relation to a subsidiary 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 subsidiary now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest subsidiary grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

[3a] A Subsidiary had taken credit facility from Bank of America for general business purposes vide a Master Credit Agreement dated April 27, 2022 for USD 1 millions 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 subsidiary entered into an amended agreement dated November 27, 2024, wherein the sanctioned credit limit was enhanced to USD 4 millions 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 USD 4 million was utilised. The credit facility was secured against the subsidiary'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 Subsidiary had taken a revolving demand note facility from HSBC Bank, USA, National Association dated March 28, 2025 for USD 3 million at an interest rate of SOFR plus 190 basis points per annum. The Subsidiary 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 subsidiary in the possession
of Bank. As at March 31, 2025, the subsidiary has an outstanding of USD 1.5 million (March 31, 2024: Nil).

[4]The Parent Company has availed a bank overdraft facility carrying interest rate linked to the interest rate of the underlying fixed deposits (provided as security) + 150 basis points. The loans are secured by way of hypothecation of stocks, bills, book debts and receivables and fixed deposits held as margin moneys. The statements of current assets filed with banks are in agreements with the book of accounts.

[5]The Parent Company has availed bank overdrafts facility from various banks, sales invoice discounting facility and pre/post shipment credit facility carrying interest at REPO as reference rate and Secured Overnight Financing Rate (SOFR) plus 175 to 180 basis points per annum. The sales invoice discounting facility and pre/post shipment credit facilities is payable in 180 days from the disbursement of the loan or the due date of the discounted invoice, whichever is earlier. The loans are secured by way of hypothecation of stocks, bills, book debts and receivables and fixed deposits held as margin moneys by a bank. Further, the loan is also secured by way of a pari pasu first charge over all the existing and future current assets (excluding receivables discounted by other banks) and moveable fixed assets. The statement of current assets filed with banks are in agreements with the book of accounts.

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

15 Lease liabilities

	As at March 31, 2025		As at March 31, 2024	
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Lease liabilities[1]	32.54	30.78	8.01	23.42
Total	**32.54**	**30.78**	**8.01**	**23.42**

[1]For changes in liabilities arising from financing activities and maturity analysis , refer note 32.

16 Other financial liabilities

	As at March 31, 2025		As at March 31, 2024	
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Payable towards share purchase*	-	5.53	18.53	12.14
Accrued salaries and benefits	-	139.86	-	192.69
Total	**-**	**145.39**	**18.53**	**204.83**

* Pertains to amounts payable to erstwhile owners of Capillary Technologies LLC in lieu of settlement of contingent consideration payable.

17 Provisions

	As at March 31, 2025		As at March 31, 2024	
At amortised cost	**Non-current**	**Current**	**Non-current**	**Current**
Employee benefits - Gratuity (refer note 30)	80.71	10.98	66.11	13.02
Employee benefits - Compensated absences (refer note 30)	-	7.23	-	6.31
Total	**80.71**	**18.21**	**66.11**	**19.33**

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

18 Trade payables	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Total outstanding dues of micro and small enterprises[1,2,3]	13.23	73.95
Total outstanding dues of creditors other than micro and small enterprises[1,3]	492.52	654.31
	505.75	**728.26**

Notes:-

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

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, 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 Parent Company has not received any claim for interest from any supplier as at the balance sheet date.

3. The Group does not have any disputed payables for the years ending March 31, 2025 and March 31, 2024.

18.1 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	13.23	73.95
- 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

	Unbilled	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	-	13.23	-	-	-	13.23
-Total outstanding dues of creditors other than micro enterprises and small enterprises	254.98	235.09	0.82	1.63	-	492.52
	254.98	**248.32**	**0.82**	**1.63**	**-**	**505.75**

As at March 31, 2024

	Unbilled	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	-	73.95	-	-	-	73.95
-Total outstanding dues of creditors other than micro enterprises and small enterprises	275.06	366.94	1.99	-	10.32	654.31
	275.06	**440.89**	**1.99**	**-**	**10.32**	**728.26**

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

19 Deferred tax

		As at March 31, 2025	As at March 31, 2024
19A	**Deferred tax assets**		
	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**
19B	**Deferred tax liability**		
	Deferred tax liability related to the following:		
	Deferred tax liability on intangibles on account of acquisition of a subsidiary (refer note 38)	71.04	94.99
		71.04	**94.99**

Consolidated Statement of Profit and Loss:	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax liability on present value adjustment on purchase consideration on account of acquisition of a subsidiary	-	(0.88)
Deferred tax liability on intangibles on account of acquisition of a subsidiary	(23.19)	(63.35)
Deferred tax assets on disallowance of share based payments	1.37	(6.79)
Deferred tax credit	**(21.82)**	**(71.02)**

Reconciliation of deferred tax liabilities:	As at March 31, 2025	As at March 31, 2024
Opening balance	94.99	61.90
Deferred tax liability on intangibles on account of acquisition of a subsidiary (refer note 38)	-	101.72
Deferred tax credit recognised in the Consolidated Statement of Profit and Loss	(23.19)	(64.23)
Translation adjustments during the year	(0.76)	(4.40)
Closing balance	**71.04**	**94.99**

20 Other current liabilities

	As at March 31, 2025	As at March 31, 2024
Contract liabilities - Deferred revenue (refer note 22.3)	680.74	1,256.66
Statutory dues payable	64.51	74.48
Advance from customers	65.73	30.88
Total	**810.98**	**1,362.02**

21 Current tax liabilities (net)

	As at March 31, 2025	As at March 31, 2024
Provision for income tax (net of advance taxes)	7.73	24.00
	7.73	**24.00**

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

22 Revenue from operations

	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of services		
Retainership and other services	4,811.05	4,021.29
Installation revenue	1,100.31	746.69
Revenue from campaign services on a principal basis (refer note (a) and (b) below)	-	483.02
Revenue from campaign services on an agent basis (refer note (a) and (b) below)	71.23	-
Total	**5,982.59**	**5,251.00**

(a) During the year ended March 31, 2025, the Group changed its business model for the campaign services and has entered into a new arrangement with its service providers by which, the Group is acting as an agent and not as a principal for these transactions. Accordingly, the revenue for the year ended March 31, 2025 for the revenue from campaign services has been recorded on a net basis.

(b) The revenue for the year ended March 31, 2025 has been recorded on a net basis as against the revenue pertaining to March 31, 2024 which is gross of campaign services costs ₹ 417.03 million.

22.1 Disaggregated revenue information

Set out below is the disaggregated of the company's revenue from contracts with customer based on geography:

	For the year ended March 31, 2025	For the year ended March 31, 2024
United States of America	3,415.30	2,687.96
United Kingdom	917.23	679.12
Others	1,650.06	1,883.92
Total	**5,982.59**	**5,251.00**

22.2 Timing of revenue recognition

	For the year ended March 31, 2025	For the year ended March 31, 2024
Services transferred over time	5,911.36	4,767.98
Services transferred at a point in time	71.23	483.02
	5,982.59	**5,251.00**

22.3 Contract balances

	As at March 31, 2025	As at March 31, 2024
Trade receivables (including unbilled revenue) (refer Note 8)	1,611.21	1,456.51
Contract liabilities - Deferred revenue (refer Note 20)	680.74	1,256.66
Advance from customers (refer note 20)	65.73	30.88

(a): Movement in Contract liabilities - Deferred revenue

	As at March 31, 2025	As at March 31, 2024
Opening balance	1,256.66	398.56
Add: Revenue to be recognised from performance obligations to be satisfied in succeeding year	680.74	1,256.66
Less: Revenue recognised that was included in contract liability at the beginning of the year	(1,256.66)	(398.56)
Closing balance	**680.74**	**1,256.66**

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

23 Other income

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income under effective interest rate method		
-Interest income on bank deposits	13.30	12.64
-Interest income on security deposits	0.62	0.35
-Interest income on corporate deposits	25.18	6.50
Other non operating income		
-Gain on fair valuation of investments carried at FVTPL	-	9.59
-Profit on sale of investments	76.53	17.55
-Profit on sale of property, plant and equipment (net)	0.62	0.51
-Provisions/ liabilities no longer required written back	0.18	26.07
-Interest income on income tax refund	2.05	2.58
-Other miscellaneous income	17.62	27.61
Total	**136.10**	**103.40**

24 Employee benefit expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus	2,583.31	2,336.26
Contribution to provident and other funds (refer note 30)	178.59	156.14
Gratuity expenses (refer note 30)	21.38	20.75
Share based payments (refer note 31)	77.69	53.34
Staff welfare and training and recruitment expenses	94.23	152.94
Total	**2,955.20**	**2,719.43**

25 Finance costs

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on borrowings	62.66	166.91
Interest on lease liabilities (refer note 32)	3.91	1.39
Interest - others	1.14	0.10
Bank charges	10.17	8.68
Total	**77.88**	**177.08**

26 Depreciation and amortisation expenses

Depreciation of property, plant and equipment (refer Note 3)	28.56	27.60
Amortisation of intangible assets (refer Note 4)	539.03	510.83
Depreciation of right-of-use assets (refer Note 3)	33.44	22.18
Total	**601.03**	**560.61**

27 Other expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
Travelling and conveyance	101.80	122.54
Business promotion expenses	117.81	110.85
Loss allowances under expected credit loss model (refer note 8)	78.42	41.21
Property, plant and equipment written off	0.81	2.31
Rent	33.17	23.16
Rates and taxes	13.05	19.72
Auditor's remuneration (refer note 27.1)	7.38	5.20
Loss on account of foreign exchange fluctuations (net)	7.24	26.85
Sitting fees to non-executive directors (refer note 34)	3.50	3.40
Insurance expenses	16.26	8.37
Miscellaneous expenses	81.54	60.25
Total	**460.98**	**423.86**

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

As auditor:		
Statutory audit	5.58	5.20
Other assurance services	1.80	-
	7.38	**5.20**

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

28 Income tax

The Parent Company is subject to income tax in India on the basis of financial statements of the Parent Company. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period. The foreign subsidiaries are subject to taxes as applicable in their respective geographies.

	For the year ended March 31, 2025	For the year ended March 31, 2024
Income tax expenses in the Consolidated Statement of Profit and Loss consist of the following:		
(a) Current tax for continuing operations	(12.90)	1.93
(b) Deferred tax expense/ (credit) for continuing operations*	(21.82)	(71.02)
(c) Current tax expense on discontinued operations (refer note 41)	0.20	23.85
	(34.52)	**(45.24)**

* Deferred tax assets on business losses and unabsorbed depreciation is not recognised for Parent Company since it is not probable that the taxable profit of Parent Company will be available against which the unutilised tax losses and temporary differences can be utilised, as assessed at March 31, 2025.

28.1 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/ (Loss) before tax from continuing operations	106.82	(752.60)
(Loss) / Profit before tax from discontinued operations	(8.54)	113.58
Tax at the Indian tax rate of 25.168% (March 31, 2024: 25.168%)	24.74	(160.83)
Effect of:		
Tax effect on business losses and unabsorbed depreciation on which deferred tax has not been accounted	(24.74)	160.83
Provision for tax of foreign subsidiaries on a standalone basis	(12.70)	25.78
Tax effect on intangibles on account on acquisition of a subsidiary	(23.19)	(63.35)
Tax effect on account of disallowances of equity settled share based payments	1.37	(6.79)
Tax liability on present value adjustment on purchase consideration on account of acquisition of a subsidiary	-	(0.88)
Total tax expenses reported in Consolidated Statement of Profit and Loss (continuing and discontinued operations)	**(34.52)**	**(45.24)**

28.2 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.

28.3 Recognised deferred tax assets and (liabilities)

Movement in temporary differences

	Opening as at April 1, 2024	Recognized in PL	Recognized in OCI	Others	Closing as at March 31, 2025
Deferred tax liability on intangibles on account of acquisition of a subsidiary	(94.99)	23.19	0.76	-	(71.04)
Deferred tax asset on share based payment	6.83	(1.37)	0.16	-	5.62
Net deferred tax (liabilities)/assets	**(88.16)**	**21.82**	**0.92**	**-**	**(65.42)**

	Opening as at April 01, 2023	Recognized in PL	Recognized in OCI	Others	Closing as at March 31, 2024
Deferred tax liability on intangibles on account of acquisition of a subsidiary	(61.02)	63.35	4.40	-	6.73
Deferred tax asset on share based payment	-	6.79	0.04	-	6.83
Deferred tax liability on intangibles on account of acquisition of a subsidiary (refer note 38)	-	-	-	(101.72)	(101.72)
Deferred tax liability on present value adjustment on purchase consideration on account of acquisition of a subsidiary	(0.88)	0.88	-	-	-
Net deferred tax (liabilities)/assets	**(61.90)**	**71.02**	**4.44**	**(101.72)**	**(88.16)**

28.4 Expiration of losses carried forward

The Parent has tax losses which arose in India of ₹ 1,241 million (March 31, 2024: ₹ 1,008.54 million) that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose.

	As at March 31, 2025	As at March 31,2024
March 31, 2024	-	104.56
March 31, 2025	156.86	191.92
March 31, 2026	76.98	76.98
March 31, 2031	635.08	635.08
March 31, 2032	372.08	-
	1,241.00	**1,008.54**

Notes:-

i) The Parent Company has unabsorbed depreciation loss of ₹ 481.86 million (March 31, 2024: ₹292.39 million) which can be carried forward indefinitely.

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29 Earnings / (Loss) 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/ (Loss) attributable to equity shareholders of the Parent Company for basic/ diluted EPS for continuing operations (₹ in million) (a)	141.54	(683.51)
Weighted average number of equity shares used for computing EPS (basic) from continuing operations (in millions) (b)	73.25	56.27
Effect of dilution:		
Employee share options	0.78	0.82
Weighted average number of equity shares adjusted for the effect of dilution (in Million) (c)	74.03	57.09
EPS- Basic (₹) (d=a/b)	**1.93**	**(12.15)**
EPS- Diluted (₹) (e=a/c)*	**1.91**	**(12.15)**
*Considering the Group has incurred loss in the previous year, the effect of dilution on account of shares to be issued as per Capillary Employees Stock Option Scheme' - 2021 ('CESP') has been ignored as same would be anti-dilutive.		
(ii) EPS from Discontinued operations		
(Loss)/ Profit attributable to equity shareholders of the Parent Company for basic/ diluted EPS for discontinued operations (₹ in million) (a)	(8.74)	89.73
Weighted average number of equity shares used for computing EPS (basic) from discontinued operations (in millions) (b)	73.25	56.27
Effect of dilution:		
Employee share options (number of shares for which no compensation)	0.78	0.82
Weighted average number of equity shares adjusted for the effect of dilution (in Million) (c)	74.03	57.09
EPS- Basic (₹) (d=a/b)	**(0.12)**	**1.59**
EPS- Diluted (₹) (e=a/c)*	**(0.12)**	**1.57**
*Considering the Group has incurred loss in the current year, the effect of dilution on account of shares to be issued as per Capillary Employees Stock Option Scheme' - 2021 ('CESP') has been ignored as same would be anti-dilutive.		
(iii) EPS from Continuing and Discontinued operations		
Profit/ (Loss) attributable to equity shareholders of the Parent Company for basic/ diluted EPS for continuing and discontinued operations (₹ in million) (a)	132.80	(593.78)
Weighted average number of equity shares used for computing EPS (basic) from continuing and discontinued operations (in millions) (b)	73.25	56.27
Effect of dilution:		
Employee share options (number of shares for which no compensation)	0.78	0.82
Weighted average number of equity shares adjusted for the effect of dilution (in Million) (c)	74.03	57.09
EPS- Basic (₹) (d=a/b)	**1.81**	**(10.55)**
EPS- Diluted (₹) (e=a/c)*	**1.79**	**(10.55)**
*Considering the Group has incurred loss in the previous year, the effect of dilution on account of shares to be issued as per Capillary Employees Stock Option Scheme' - 2021 ('CESP') has been ignored as same would be anti-dilutive.		

30 Gratuity and other post-employment benefit plans

I) Defined contribution plan

The Group's contribution to provident fund and other funds are considered as defined contribution plans. The contributions are charged to the Consolidated Ind AS statement of Profit and Loss as they accrue. Contributions to provident and other funds included in employee benefit expenses (refer note 24) are as under:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Contribution to provident and other funds	178.59	156.14
Total	**178.59**	**156.14**

II) Defined benefit plan

The Parent Company operates an unfunded defined benefit gratuity plan for all of its qualifying employees in India. Gratuity is calculated as 15 days' salary for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination/ resignation. The benefit vests on completing 5 years of service by the employee. The Parent Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per projected unit credit method.

The Group also operates an unfunded defined benefit gratuity plan for all of its qualifying employees in Dubai. The Company has determined estimated liabilities for employee benefits for meeting the minimum benefits required to be paid to the qualifying employees as required under UAE Labour Law. Under UAE Labour Law, if an employee served for more than 1 year but less than 5 years, the employee is entitled to 21 days' salary for each completed year of service and if an employee has served for more than 5 years, the employee is entitled to 30 days' of salary for each completed year of service.

The following tables summarise the components of net benefit expenses recognised in the Consolidated Statement of Profit and Loss and amounts recognised in the Consolidated Ind AS Balance Sheet for gratuity benefit:

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

30 Gratuity and other post-employment benefit plans (cont'd)

	For the year ended March 31, 2025	For the year ended March 31, 2024
i. Net benefit expenses (recognised in the Consolidated Statement of Profit and Loss)		
Current service cost during the year	17.01	17.03
Interest cost on defined benefit obligation during the year	4.37	3.72
Net benefit expenses	**21.38**	**20.75**
ii. Remeasurement loss recognised in other comprehensive income (OCI):		
Actuarial loss on obligations arising from changes in experience adjustments	4.24	3.29
Actuarial loss on obligations arising from changes in financial assumptions	-	0.77
Actuarial loss recognised in OCI	**4.24**	**4.06**

iii. Net defined benefit liability

	As at March 31, 2025	As at March 31, 2024
Defined benefit obligation	91.69	79.13
Plan liability	**91.69**	**79.13**
iv. Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	79.13	64.82
Current service cost during the year	17.01	17.03
Interest cost on defined benefit obligation during the year	4.37	3.72
Benefits paid during the year	(13.36)	(10.50)
Actuarial loss on obligations arising from changes in experience adjustments	4.24	3.29
Actuarial (gain) on obligations arising from changes in financial assumptions	-	0.77
Translation adjustments	0.30	
Closing defined benefit obligation	**91.69**	**79.13**
v. The following pay-outs are expected in future years:		
Within the next 12 months	11.52	13.96
Between 1 and 2 years	9.42	10.68
Between 2 and 3 years	7.71	8.36
Between 3 and 4 years	6.22	6.52
Between 4 and 5 years	5.23	5.12
Between 6 and 10 years	16.38	15.68
Beyond 10 years	80.65	48.37
Expected cash outflow in future years	**137.13**	**108.69**

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.38 years (March 31, 2024: 5.65 years).

vi. The principal assumptions used in determining gratuity obligations for the Parent Company's plan are shown below:

	For the year ended March 31, 2025	For the year ended March 31, 2024
Discount rate (in %)	6.66%	7.19%
Salary escalation rate (in %)	10.00%	10.00%
Employee turnover/ withdrawal rate	25.00%	30.00%
Retirement age	58	58
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan characteristics and associated risks:
The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:
a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
b. Salary inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption is as shown below:

	As at March 31, 2025	As at March 31, 2024
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(4.89)	(3.31)
Impact on defined benefit obligation due to 1% decrease in discount rate	5.57	3.70
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	2.81	1.96
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(2.84)	(1.94)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.62)	(0.31)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.63	0.30

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Consolidated Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

31 Share based payments

Description of the share based payment arrangements

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

A Capillary Employee Stock Option Scheme - 2021 ('CESP')

The shareholders of Parent Company on October 29, 2021 had approved the 'Capillary Employees Stock Option Scheme' - 2021 (CESP). The plan provides for the issue of 7,175,000 options to eligible employees and eligible directors of the Capillary Group. Capillary Group shall mean the Parent Company, its wholly owned subsidiary and step-subsidiaries, either existing or as may be incorporated from time to time and its Ultimate Holding Company and any successor company thereof.

The plan is administered by a Board of Directors of the Parent Company / nomination and remuneration committee constituted by the Board (as the case may be) (Administrator). Under CESP, all employees of the Group 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 Seven (7) to ten (10) years from the date of grant of such options. Vesting of options would be subject to continued employment with the Group and the options would vest on a quarterly / yearly basis. The option grantee may exercise the vested options as per the scheme.

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:

	March 31, 2025	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:

	As at March 31, 2025		As at March 31, 2024	
	Number of options (in millions)	WAEP	Number of options (in millions)	WAEP
Options outstanding at the beginning of the year	1.96	2.05	3.23	0.26
Granted during the year	0.49	2.00	0.40	2.00
Forfeited / lapsed during the year	(0.16)	(1.41)	(0.71)	(0.61)
Exercised during the year	-	-	(0.57)	(2.00)
Surrender/Repurchase during the year	(1.14)	(4.91)	(0.39)	(0.37)
Options outstanding at the end of the year	**1.15**	**7.85**	**1.96**	**2.05**
Exercisable at year end	**0.61**		**1.37**	

The weighted average remaining contractual life of vested option as at March 31, 2025 is 7.19 years (March 31, 2024 - 7.72 years) and 8.61 years (March 31, 2024 - 8.27 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 24)*	77.69	53.34

* Excludes ₹ 9.04 million (March 31, 2024: ₹ 10.24 million) on account of expense arising from equity settled share based payment transaction of CESP recognised in internally generated intangible assets

The Parent Company has granted stock options to the employees of Capillary Group under ESOP Plan as detailed in note 31(A) above. The Parent Company has an obligation to settle the transaction with the employees of the Capillary group by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Parent Company has measured its expense in accordance with the requirements applicable to equity-settled share-based payment transaction.

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

32 Leases

Company as a lessee

The Group has lease contracts for office facilities. The lease term of the office facilities is generally 1-3 years. The Group also has certain leases of offices with lease terms of 12 months or less or low value. The Group applies the leases of low value assets and short term leases recognition exemptions for these leases.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(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: ranges between 9.5% to 14.35%)

	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 3)	59.84	30.13
(c) Analysis of lease liabilities		
Opening lease liabilities	**31.43**	**20.04**
Addition during the year	60.95	38.58
Accretion of interest during the year	3.91	1.39
Cash outflow towards payment of lease liabilities during the year	(33.04)	(24.23)
Modification of lease liabilities during the year	-	(4.37)
Translation adjustments if any	0.07	0.02
Closing lease liabilities	**63.32**	**31.43**

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	34.63	23.33
More than One less than Five years	35.19	10.11

	For the year ended March 31, 2025	For the year ended March 31, 2024
(d) Impact of statement of profit and loss		
Depreciation on right-of-use assets	33.44	22.18
Interest expense on lease liabilities	3.91	1.39
Expenses relating to short-term leases (included in other expenses)	33.17	23.16
	70.52	**46.73**
(e) Amounts recognised in the Consolidated Cash Flow Statement		
Total outflow for leases - principal	29.13	22.84
Total outflow for leases - interest	3.91	1.39
	33.04	**24.23**

33 Contingent liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its Consolidated Financial Statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the Consolidated Financial Statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

	As at March 31, 2025	As at March 31,2024
Bank guarantees outstanding	3.91	3.91

(i) The Honourable Supreme Court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. In the absence of reliable measurement of the provision for earlier years, the Group has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

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

34 Related party disclosures

a) Names of the related parties and description of relationship

Nature of relationship	**Name of the party**
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore (Ultimate Holding Company)
Related party under common control	Reasoning Global eApplications Private Limited, India
A private company in which Key Managerial Personnel or their relatives is a member or director	Ms. Biotech Private Limited
Key managerial personnel and their relatives (where transactions have taken place)	Mr. Aneesh Reddy Boddu, Chief Executive Officer (Appointed w.e.f. April 1, 2024) and Managing Director Mr. Anant Choubey, Executive Director, Chief Operating Officer and Chief Financial Officer Mr. Venkat Ramana Tadanki, Independent Director Mrs. Neelam Dhawan, Chairperson & Independent Director Mr. Sameer Garde, Executive Director and CEO (upto till March 31,2024) Mrs. Yamini Preethi Natti, Independent Director Mr. Farid Lalji Kazani, Independent Director Mrs. G. Bhargavi Reddy, Company Secretary

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) Interest on borrowings		
Capillary Technologies International Pte. Ltd., Singapore	-	11.92
Ms. Biotech Private Limited	-	0.51
b) Sitting fees to non-executive directors		
Mr. Venkat Ramana Tadanki	0.90	0.90
Mrs. Neelam Dhawan	1.10	1.00
Mrs. Yamini Preethi Natti	0.70	0.70
Mr. Farid Lalji Kazani	0.80	0.80
c) Issuance of equity shares (including securities premium)		
Capillary Technologies International Pte. Ltd., Singapore	-	573.52
Mr. Anant Choubey	-	8.66
Mr. Sameer Garde	-	1.42
Mr. Aneesh Reddy Boddu	-	136.19
d) Expenditure incurred by the Company on behalf of others		
Reasoning Global eApplications Private Limited, India	0.00	0.12
e) Expenditure incurred by the Group on behalf of Ultimate Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	3.52	16.15
f) Expenditure incurred by the Ultimate Holding Company on behalf of the Group		
Capillary Technologies International Pte. Ltd., Singapore	7.87	-
g) Repayment of borrowing from private company in which Key Managerial Personnel or their relatives is a member or director		
Ms. Biotech Private Limited	-	50.00
k) Other miscellaneous income		
Capillary Technologies International Pte. Ltd., Singapore	13.67	16.58
l) Remuneration to key managerial personnel and their relatives (including employee stock option expenses)*		
Mr. Anant Choubey	12.96	16.87
Mr. Aneesh Reddy Boddu	16.31	133.61
Mrs. G. Bhargavi Reddy	5.58	5.50
Mr. Sameer Garde	-	11.17
*The remuneration to KMPs disclosed above includes share based payment for the year amounts to ₹ 0.26 million (March 31, 2024: ₹ 5.6 million)		

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34 Related party disclosures (contd.)

2) Outstanding balances as at year end:

Particulars	As at March 31, 2025	As at March 31, 2024
a) Other receivables from related parties		
Capillary Technologies International Pte. Ltd., Singapore	12.24	2.66
Reasoning Global eApplications Private Limited, India	0.16	0.15
b) Corporate guarantees taken from the Ultimate Holding Company		
Capillary Technologies International Pte. Ltd., Singapore	-	352.48

c) Key Managerial Personnel's interests in the share based payments plan:
Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows:

Share based payments plan	Exercise price	As at March 31, 2025	As at March 31, 2024
		Number Outstanding (in millions)	Number Outstanding (in millions)
Capillary Employees Stock Option Scheme' - 2021 ('CESP')	2	0.22	1.23

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Parent Company. Refer to note 31 for further details on CESP.

Notes:-
1. The transactions with related parties are made by the Group on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.
2. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amount pertaining to remuneration to the key managerial personnel are not ascertainable and, therefore, not disclosed above.
3. In respect of the transactions with the related parties, the Company has complied with the provisions of Section 188 and Section 177 of the Companies Act, 2013 where applicable, and the details have been disclosed above, as required by the applicable accounting standards.
4. Refer note 14 for borrowings with regard to securities given by the Ultimate Holding Company for the loan facility availed by the Parent Company.
5. The above information has been determined to the extent such parties have been identified on the basis of information available with the Group.

35 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:
(i) Basis of identifying operating segments:
Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Management Team who are Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of these consolidated Ind AS financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.
(ii) Reportable segments:
An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of Ind AS 108 - 'Operating Segments' i.e. the segments have similar economic characteristics and the segments are similar in the nature of services, type or class of customer for their services etc. CODM evaluates the performance of the Group based on the single operative segment as cloud based intelligent customer engagement software solutions to retail chain operators ('CRM Services'). Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

(iii) Major Customers greater than 10% of total revenue

Revenue from one customer for March 31, 2025 that individually accounted for more than 10% of the total revenue. No customer for March 31, 2024 individually accounted for more than 10% of the total revenue.

(b) Geographical information

(i) Revenue[1]	For the year ended March 31, 2025	For the year ended March 31, 2024
United States of America	3,415.30	2,687.96
United Kingdom	917.23	679.12
Others	1,650.06	1,883.92
Revenue from continuing operations	**5,982.59**	**5,251.00**
Revenue from discontinued operations	**332.83**	**651.45**
Total revenue	**6,315.42**	**5,902.45**

[1]Revenue by geographical area are based on the geographical location of the customer

(ii) Non-current assets[2]	For the year ended March 31, 2025	For the year ended March 31, 2024
United States of America	3,009.83	2,307.08
United Kingdom	169.57	216.77
Others	683.33	1,340.46
Total	**3,862.73**	**3,864.31**

[2]Non-current assets exclude financial instruments (other than investments accounted for using the equity method), income-tax assets, deferred tax assets and employee benefit assets. There were no non-current assets for the discontinued operations.
Also refer note 41

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

36 Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on Consolidated 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 2.3(m).

(a) Financial assets and liabilities
The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are 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	-	-	-	-
(ii) Trade receivables*	1,611.21	-	-	1,611.21
(iii) Cash and cash equivalents*	2,140.71	-	-	2,140.71
(iv) Loans*	-	-	-	-
(v) Other financial assets*	290.02	-	-	290.02
Total	**4,041.94**	**-**	**-**	**4,041.94**
Financial liabilities				
(i) Borrowings*	1,000.94	-	-	1,000.94
(ii) Trade payables*	505.75	-	-	505.75
(iii) Lease liabilities*	63.32	-	-	63.32
(iv) Other financial liabilities*	145.39	-	-	145.39
Total	**1,715.40**	**-**	**-**	**1,715.40**

As at March 31, 2024	**Amortised cost**	**Fair value through other comprehensive income**	**Fair value through profit or loss**	**Total**
Financial assets				
(i) Investments	-	-	699.25	699.25
(ii) Trade receivables*	1,456.51	-	-	1,456.51
(iii) Cash and cash equivalents*	1,806.68	-	-	1,806.68
(iv) Loans*	399.99	-	-	399.99
(v) Other financial assets*	172.49	-	-	172.49
Total	**3,835.67**	**-**	**699.25**	**4,534.92**
Financial liabilities				
(i) Borrowings*	771.66	-	-	771.66
(ii) Trade payables*	728.26	-	-	728.26
(iii) Lease liabilities*	31.43	-	-	31.43
(iv) Other financial liabilities*	223.36	-	-	223.36
Total	**1,754.71**	**-**	**-**	**1,754.71**

* 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.

The following table provides the fair value measurement hierarchy of the Group's assets:

As at March 31, 2025	**Level 1**	**Level 2**	**Level 3**
Current investments	-	-	-

As at March 31, 2024	**Level 1**	**Level 2**	**Level 3**
Current investments	699.25	-	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2025 and March 31, 2024.

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

36 Financial instruments (contd.)

(c) Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. Thus profits and cash flows from financing activities are dependent on market interest rates. Further, any decline in the credit rating of the Group will have an adverse impact on the interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed rate instruments:		
Financial liabilities	13.54	366.38
Variable rate instruments:		
Financial liabilities	987.40	405.28

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest rate fluctuation	+50	(4.94)	(2.03)
Interest rate fluctuation	-50	4.94	2.03

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36 Financial instruments (contd.)

(2) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities. The Group's exposure to foreign currency changes from operating activities is not material.

The following table shows foreign currency exposure at the end of reporting period:

	As at March 31, 2025		As at March 31, 2024	
Particulars	**Amount in foreign currency (in millions)**	**Amount in ₹**	**Amount in foreign currency**	**Amount in ₹**
Trade receivables				
USD	5.16	441.05	22.98	1,913.02
MYR	0.01	0.14	0.01	0.22
SGD	-	-	0.25	13.60
THB	-	-	0.10	0.24
GBP	-	-	1.26	132.50
EUR	0.36	32.89	0.15	13.49
Cash and cash equivalents				
USD	15.74	1,345.02	12.17	1,014.42
SGD	-	-	0.01	0.64
GBP	-	-	0.61	64.69
Security deposits				
SGD	-	-	0.01	0.59
USD	-	-	0.02	1.92
GBP	-	-	0.22	22.92
Borrowings				
USD	-	-	0.17	13.90
Trade payables				
USD	0.84	71.68	2.42	201.96
SGD	-	-	1.19	73.49
BDT	-	-	0.00	0.00
GBP	-	-	0.71	75.16
AUD	-	-	0.00	0.20
EUR	0.10	9.33	-	-
CAD	0.01	0.31	-	-
JPY	6.14	3.50	-	-
PHP	0.01	0.01	-	-
Other current financial liabilities				
SGD	-	-	0.50	30.67
USD	-	-	9.97	830.72
GBP	-	-	0.42	44.40

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

36 Financial instruments (contd.)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in respective foreign currency exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
As at March 31, 2025			
USD	5%	85.72	(85.72)
MYR	5%	0.01	(0.01)
EUR	5%	1.18	(1.18)
CAD	5%	(0.02)	0.02
JPY	5%	(0.17)	0.17
PHP	5%	(0.00)	0.00
As at March 31, 2024			
USD	5%	94.04	(94.04)
SGD	5%	(4.47)	4.47
MYR	5%	0.01	(0.01)
THB	5%	0.01	(0.01)
EUR	5%	0.67	(0.67)
GBP	5%	5.03	(5.03)
AUD	5%	(0.01)	0.01

The sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at March 31, 2025 and March 31, 2024. The year end balances are not necessarily representative of the average debt outstanding during the year.

(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 ₹ 1,611.21 Million and ₹ 1,456.51 million as at March 31, 2025 and March 31, 2024 respectively. Trade receivable 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 Group 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 Group 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 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 8.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Credit risk on liquid funds and Inter Corporate deposits is limited because the counterparties are banks and companies with high credit-ratings assigned by credit-rating agencies.

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances amounts to ₹ 128.28 million and ₹ 53.33 million as at year ended March 31, 2025 and March 31, 2024 respectively.

(d) Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund based working capital limits from a bank. The Group invests its surplus funds in bank fixed deposit, which carry no or low market risk.
The Group monitors its risk of shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

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

36 Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

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)	987.40	735.33	988.12	729.97
Lease liabilities	34.63	23.33	30.78	23.42
Trade payables	503.30	728.26	503.30	728.26
Other financial liabilities	145.39	204.83	145.39	204.83
	1,670.72	**1,691.75**	**1,667.59**	**1,686.48**
Between 1 to 5 years				
Borrowings (refer note below)	3.00	32.84	3.00	33.58
Lease liabilities	35.19	10.11	32.54	8.01
Trade payables	2.45	-	2.45	-
Other financial liabilities	-	18.53	-	18.53
	40.64	**61.48**	**37.99**	**60.12**
More than 5 years				
Borrowings (refer note below)	9.82	8.11	9.82	8.11
Lease liabilities	-	-	-	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
	9.82	**8.11**	**9.82**	**8.11**
Total	**1,721.18**	**1,761.34**	**1,715.40**	**1,754.71**

Notes:

a. The above disclosure excludes interest to be paid on the borrowings, by the Group.

37 Capital management

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Group.

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long-term and short-term borrowings and support from the Ultimate Holding Company.

For the purpose of the Group's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity share holders of the Group.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors debt equity ratio, which is Net debt i.e. total debts less funds divided by total equity. The Group'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	146.65	146.46
Other Equity	5,535.82	5,243.06
Equity (A)	**5,682.47**	**5,389.52**
Cash and cash equivalents	2,140.71	1,806.68
Current Investments	-	699.25
Total Fund (B)	**2,140.71**	**2,505.93**
Lease liabilities (F)	63.32	31.43
Borrowings	1,000.94	771.66
Total debts (C)	**1,064.26**	**803.09**
Net Debt (D=(C-B))	**(1,076.45)**	**(1,702.84)**
Total capital (equity + net debt)	**4,606.02**	**3,686.68**
Net debt to equity ratio (E=D/A)	*	*
Net debt (excluding lease liabilities)[G=(D-F)]	**(1,139.77)**	**(1,734.27)**
Net debt to equity ratio (excluding lease liabilities) (H=G/A)	*	*

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

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

During the year ended and previous year ended March 31, 2025 and March 31, 2024, the Group had repaid certain borrowings with the amount of funds generated during the year/ raised during the previous year in order to de-leverage the balance sheet. Further, owing to right issues by the parent company and certain advances received from the customer in a subsidiary at the end of March 2024, the Cash and cash equivalents have increased considerably, leading to Gearing ratio being in the negative. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2025 and March 31, 2024.

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

38 Business Combinations

(a) Acquisitions during the year ended March 31, 2023

On March 31, 2023, Capillary Technologies LLC (subsidiary of Capillary Pte. Ltd, wholly owned subsidiary of the Parent 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 1, 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 group 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 assets acquired including property, plant and equipment	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.

(b) Asset purchase during the previous year

The Asset Purchase Agreement (Global APA) was signed between Tenerity LLC (Seller) and Capillary Pte. Ltd ("CPL") on May 4, 2023, for the sale of certain identified assets to CPL. On the closing date, i.e., June 1, 2023, the identified asset purchase was completed. The global APA also provided for affiliates of Tenerity to sell certain identified assets to CPL and its affiliates.

With the understanding set out in the Global APA, Capillary Technologies India Limited (Parent company of CPL) and Tenerity India Private Limited (wholly owned subsidiary of Tenerity LLC, USA) entered into an agreement on June 1, 2023 (Closing date) for purchase from the Seller, the identified Assets on an itemized sale basis.

Assets acquired

The fair value of identifiable assets and liabilities purchased from Tenerity group are shown below:

	Balance recognised on acquisition
Assets and liabilities	
Net intangible assets acquired	257.31
Purchase consideration	**257.31**
Purchase consideration	
Consideration paid in cash	257.31
	257.31

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39 Statutory group information

Name of the entity in the Group	Country of incorporation	Relationship as at March 31, 2025	% of effective ownership interest held (directly & indirectly) and voting rights		Net assets, i.e., total assets minus total liabilities				Share in total comprehensive income			
					March 31, 2025		March 31, 2024		March 31, 2025		March 31, 2024	
			March 31, 2025	March 31, 2024	As % of consolidated net assets*	₹ in millions	As % of consolidated net assets*	₹ in millions	As % of total comprehensive income*	₹ in millions	As % of total comprehensive income*	₹ in millions
Parent Company												
Capillary Technologies India Limited	India	Parent Company			84.07%	4,777.19	86.36%	4,654.53	15.31%	30.82	98.77%	(527.40)
Foreign Subsidiaries												
Capillary Pte. Ltd	Singapore	Subsidiary	100%	100%	74.96%	4,259.65	54.87%	2,957.01	12.94%	26.05	(5.57%)	29.76
Capillary Technologies DMCC	UAE	Subsidiary	100%	100%	(1.52%)	(86.60)	(1.88%)	(101.23)	4.61%	9.29	(3.64%)	19.46
Capillary Technologies Shanghai Co. Ltd	China	Subsidiary	100%	100%	0.01%	0.43	0.02%	1.15	(0.35%)	(0.71)	1.65%	(8.79)
Capillary Technologies (Malaysia) Sdn Bhd	Malaysia	Subsidiary	100%	100%	(1.35%)	(76.48)	(1.37%)	(73.82)	0.16%	0.32	(0.68%)	3.65
PT Capillary Technologies Indonesia	Indonesia	Subsidiary	100%	100%	(0.80%)	(45.40)	(0.88%)	(47.17)	0.67%	1.34	(0.28%)	1.49
Capillary Technologies LLC (formerly known as 'Persuade Loyalty LLC')	USA	Subsidiary	100%	100%	45.27%	2,572.40	39.06%	2,105.05	214.03%	430.84	(37.30%)	199.15
Capillary Brierley Inc. (formerly known as Brierley & Partners, Inc) w.e.f. April 1, 2023	USA	Subsidiary	100%	100%	3.96%	225.02	5.30%	285.90	(82.68%)	(166.43)	15.11%	(80.66)
Capillary Technologies Inc. w.e.f. June 1, 2023	USA	Subsidiary	100%	100%	0.27%	15.29	0.24%	13.13	0.90%	1.81	(4.13%)	22.07
Capillary Technologies Europe Limited (formerly known as Brierley Europe Limited) w.e.f. April 1, 2023	United Kingdom	Subsidiary	100%	100%	1.64%	93.11	2.77%	149.35	12.85%	25.86	3.49%	(18.65)
Sub Total					**206.51%**	11,734.61	**184.50%**	9,943.90	**178.44%**	359.19	**67.41%**	(359.92)
Consolidation adjustments/ eliminations**					(106.51%)	(6,052.14)	(84.50%)	(4,554.38)	(78.44%)	(157.89)	32.59%	(174.04)
Total					**100.00%**	**5,682.47**	**100.00%**	**5,389.52**	**100.00%**	**201.30**	**100.00%**	**(533.96)**

* The figures have been considered from the respective standalone financial statements.
** Consolidation adjustments/eliminations include intercompany eliminations and consolidation adjustments.

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

40 Assessment of arm's length for related party transactions

The Group is subject to local transfer pricing regulations in each of the geographies in which it operates for determining the arm's length income and expenditure as derived from the related party transactions. These regulations, require maintenance of prescribed documents and/or furnishing the certificate by the management or an external accountant within the specified due date under the regulations to support the arm's length outcome determination by the Group. Based on these guidelines, the management is of the opinion that the related party transactions are at arm's length and does not warrant any adjustment, on the part of the management, on the amount of tax expense and tax provision reported in the Consolidated Financial Information. The Parent Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the Income Tax Act 1961 ('regulations') to determine whether the transactions entered during the period ended March 31, 2025 with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the Consolidated Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

41 Discontinued Operations

(i) The Parent Company vide its Board resolution dated January 27, 2025, decided to discontinue its operations in the Anywhere Commerce Platform ('ACP') effective from October 1, 2024. The ACP business of the Group comprised of operations and cashflow that was clearly distinguished from the operations of the rest of the Group. Accordingly, the Group has derecognised the net carrying value of assets of ₹ 6.49 million to the Consolidated Statement of Profit and Loss for the year ended March 31, 2025.

Accordingly, the discontinued business 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 (Loss)/ Profit from the Discontinued 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	62.78	259.54
II. Other income	-	-
III. Total income (I+II)	**62.78**	**259.54**
IV. Total expenses	72.25	251.81
V. (Loss)/Profit before tax (III-IV)	**(9.47)**	**7.73**
VI. Tax expense (net) from discontinued operations	-	1.62
VII. (Loss)/ profit for the period/year from discontinued operations (V-VI)	**(9.47)**	**6.11**
Net cashflow attributable to the cash generating component is as follows:		
Cashflow from Operating activities	1.20	52.82
Cashflow from Investing activities	-	-
Cashflow from Financing activities	-	-
Net increase in cash and cash equivalents	**1.20**	**52.82**

(ii) The Parent 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 Group comprised of operations and cashflow that was clearly distinguished from the operations of the rest of the Group. The business did not have any assets which were not recoverable and accordingly, no amount was derecognised to the Consolidated Statement of Profit and Loss for the year ended March 31, 2025.

Accordingly, the discontinued business 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 Discontinued 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 component is as follows:		
Cashflow from Operating activities	16.12	101.39
Cashflow from Investing activities	-	-
Cashflow from Financing activities	-	-
Net increase in cash and cash equivalents	**16.12**	**101.39**

42 Changes in Accounting Estimates and Errors

In accordance with Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the Group has restated and re-classified the comparative financial information for the year ended March 31, 2024 after correcting prior period errors as described below:

(i) The foreign currency translation impact on goodwill and intangible assets recorded in earlier years on acquisition of foreign operations and resultant amortisation on aforesaid intangible assets has not been accounted for in accordance with Ind AS 21. Accordingly, Goodwill, intangible assets, deferred tax liabilities and amortization expenses has been restated with corresponding impact on retained earning amounting to ₹ 201.28 million on April 1, 2023 and ₹ 22.16 million on March 31, 2024.

(ii)The Group had issued share warrants to its customer during FY 2023-24 as part of a revenue contract with a customer. The Group considered such warrants cost as a non-cash consideration paid to acquire a contract with the customer and recognised such warrants cost as unbilled receivable, which will be amortised as a reduction in revenue over the anticipated future cash inflow over the contract period. However, as per Ind AS 115, the aforementioned assets is in the nature of prepayments and accordingly, the Group has reclassified such assets of ₹ 912.16 million from unbilled receivable to other current assets amounting to ₹ 107.13 million and other non-current assets amounting to ₹ 805.03 million.

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

42 Changes in Accounting Estimates and Errors (cont'd)

The following tables summarise the impact on the Group's consolidated financial statements:

(a) Reconciliation of Consolidated Balance Sheet (extract) as at March 31, 2024

Particulars	Note	March 31, 2024 (Reported)	Impact on translation	Re-classification	March 31,2024 (Restated)
Assets					
Non-current assets					
Goodwill	4	1,632.21	206.23	-	1,838.44
Intangible assets	4	1,097.55	19.53	(5.21)	1,111.87
Property, plant and equipment	3	26.00	-	5.21	31.21
Other non-current assets	11	16.52	-	805.03	821.55
Current assets					
Trade receivables	8	2,368.67	-	(912.16)	1,456.51
Other current assets	11	154.43	-	107.13	261.56
Total Assets (A)		**5,295.38**	**225.76**	-	**5,521.14**
Liabilities					
Deferred tax liabilities	19B	92.64	2.34	-	94.98
Total Liabilities (B)		**92.64**	**2.34**	-	**94.98**
Net impact during the year (A-B)			**223.42**	-	

(b) Reconciliation of Consolidated Statement of Profit or Loss (extract) for the year ended March 31, 2024
There is no changes in the Consolidated Statement of Profit or Loss for the year ended March 31, 2024

(c) The impact on the group's other equity as at April 1, 2023 and March 31,2024 is as follows:

Particulars	Note	As at April 1, 2023	As at March 31, 2024
Total other equity	13	1,664.43	5,166.10
Adjustments on account of below:			
Foreign currency translation	13	201.26	223.42
Total other equity (Restated)		**1,865.69**	**5,389.52**

(d) Impact on EPS on account of aforesaid prior period error
There is no impact on EPS on account of aforesaid prior period error

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

43 Other statutory information:

(i) The Parent Company has not advanced or loaned or invested funds to any person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by on behalf of the Parent Company ("Ultimate Beneficiaries") or provide any guarantee, or security or the like on behalf of the Ultimate Beneficiaries.

Name of the Intermediaries to which funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are invested by Intermediaries to the Ultimate Beneficiaries	Amount of funds further advanced to Ultimate Beneficiaries	Ultimate Beneficiaries
For the year ended March 31, 2024					
Capillary Pte. Ltd., Singapore	April 05, 2023	208.35	April 06, 2023	208.35	refer note (a) below
	August 21, 2023	41.67	August 22, 2023	41.67	refer note (b) below
	December 27, 2023	41.61	December 28, 2023	41.61	refer note (c) below
For the year ended March 31, 2025					
Nil					

The Parent Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act, 2013 for the above transactions and the transactions are not violative of the Prevention of Money Laundering Act, 2022 (15 of 2003)

Complete details of the Intermediaries and Ultimate Beneficiaries are given below.

Note (a) - Capillary Pte. Ltd., has invested in the shares of Capillary Technologies LLC, USA on April 06, 2023.

Note (b) - Capillary Pte. Ltd., has invested in the shares of Capillary Technologies Europe Limited, on August 22, 2023.

Note (c) - Capillary Pte. Ltd., has invested in the shares of Capillary Technologies DMCC, on December 28, 2023.

(ii) The Parent Company has not received funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Name of the Company who has advanced the funds	Date of funds received	Amount of funds received	Date on which funds are further advanced to other intermediary	Amount of funds further advanced to other intermediary	Other intermediary
For the year ended					
M/s Innoven triple blue capital advisors LLP	March 31, 2023	200.00	April 05, 2023	200.00	Capillary Pte. Ltd. And Capillary Technologies LLC (refer note (a) above)
For the year ended March 31, 2025					
Nil					

Complete details of the Intermediaries and Funding Parties:

Name of the entity	Registered address	Government identification no:	Relationship with the Company
Capillary Pte. Ltd. (Intermediary)	68, Circular Road, # 02-01, Singapore - 049422	202125294W	Subsidiary
Capillary Technologies LLC (Intermediary)	Suite 2060 , 333 South Seventh Street, Minneapolis , Minnesota, 55402	710149300022	Subsidiary
M/s Innoven triple blue capital advisors LLP (Funding Party)	A/ 805A, The Capital, G- Block, Bandra Kurla Complex, Behind ICICI Bank, Plot C-70, Bandra , Maharashtra - 400051	AAM-6580	Lender

(iii) The Parent Company has no such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).

(iv) The Parent Company does not have any Benami property, where any proceeding has been initiated or pending against the Parent Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(v) The Parent Company does not have any transactions with companies struck off during the year.

(vi) The Parent Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period other than those disclosed in note 14.

(vii) The Parent Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2025 and March 31, 2024.

44 Events after reporting period:

There are no material non-adjusting events after the reporting period till the date of issue of these financial statements (i.e. April 30, 2025) which require disclosure in consolidated financial statements

45 Previous 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 **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors of
Capillary Technologies India Limited

Aasheesh Arjun Singh
Partner
Membership No: 210122
Place: Bengaluru, India
Date: April 30, 2025

Aneesh Reddy
Managing Director and CEO
DIN: 02214511
Place: Bengaluru, India
Date: April 30, 2025

Anant Choubey
Executive Director, COO & CFO
DIN: 06536413
Place: Bengaluru, India
Date: April 30, 2025

G. Bhargavi Reddy
Company Secretary
Membership No: - A17091
Place: Bengaluru, India
Date: April 30, 2025

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