



## CAPILLARY TECHNOLOGIES INDIA LIMITED

Our Company was originally incorporated on March 15, 2012 as a private limited company under the Companies Act 1956, with the name “Kharagpur Technologies Private Limited”, pursuant to a certificate of incorporation granted by the Registrar of Companies, Karnataka (“RoC”). The name of our Company was subsequently changed to “Capillary Technologies India Private Limited” pursuant to a special resolution passed by our Shareholders at the extra-ordinary general meeting of our Company held on June 15, 2012, and a fresh certificate of incorporation was issued by the RoC on July 26, 2012. Upon the conversion of our Company to a public limited company, pursuant to a special resolution passed by our Shareholders at the extra-ordinary general meeting of our Company held on November 9, 2021 the name of our Company was changed to “Capillary Technologies India Limited” and the RoC issued a fresh certificate of incorporation dated November 23, 2021. For details of changes in the Registered and Corporate Office of our Company, see “*History and Certain Corporate Matters - Changes in the Registered and Corporate Office*” on page 214.

**Corporate Identity Number:** U72200KA2012PLC063060

**Registered and Corporate Office:** #36/5, 2<sup>nd</sup> floor, Somasandra Palya, adjacent 27<sup>th</sup> Main Road, Sector 2, HSR Layout, Bengaluru 560 102, Karnataka, India; **Tel:** +91 80 4160 9498

**Contact Person:** Gireddy Bhargavi Reddy, Company Secretary and Compliance Officer; **E-mail:** investorrelations@capillarytech.com; **Website:** www.capillarytech.com

### OUR PROMOTER: CAPILLARY TECHNOLOGIES INTERNATIONAL PTE. LTD.

**INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (THE “EQUITY SHARES”) OF CAPILLARY TECHNOLOGIES INDIA LIMITED (“COMPANY” OR “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE “OFFER PRICE”) AGGREGATING UP TO ₹ 8,500.00 MILLION (THE “OFFER”) COMPRISING A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,000.00 MILLION (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 6,500.00 MILLION BY CAPILLARY TECHNOLOGIES INTERNATIONAL PTE. LTD (“CTIPL”, “THE SELLING SHAREHOLDER”, AND SUCH EQUITY SHARES, THE “OFFERED SHARES”) (THE “OFFER FOR SALE”). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, MAY CONSIDER A FURTHER ISSUE OF EQUITY SHARES, INCLUDING BY WAY OF A PRIVATE PLACEMENT OF EQUITY SHARES AGGREGATING UP TO ₹ 400.00 MILLION, AT ITS DISCRETION, PRIOR TO THE FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, KARNATAKA AT BANGALORE (“PRE-IPO PLACEMENT”). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE FRESH ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE OFFER CONSTITUTING AT LEAST [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (THE “BRLMS”) AND WILL BE ADVERTISED IN [●] EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), [●] EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED KANNADA DAILY NEWSPAPER, KANNADA BEING THE REGIONAL LANGUAGE OF KARNATAKA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (“SEBI ICDR REGULATIONS”) AND SHALL BE MADE AVAILABLE TO BSE LIMITED (“BSE”) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”), AND TOGETHER WITH BSE, THE “STOCK EXCHANGES”) FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the BRLMs for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the “SCRR”) read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, where at least 75% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (the “**QIB Category**”), provided that our Company and Selling Shareholder in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the “**Anchor Investor Portion**”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category (excluding the Anchor Investor Portion). Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 75% of the Offer cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to non-institutional investors (“**Non-Institutional Investors**” or “**NIIs**”) and not more than 10% of the Offer shall be available for allocation to retail individual investors (“**Retail Individual Investors**” or “**RIIs**”) in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (other than Anchor Investors) shall mandatorily participate in this Offer through the Application Supported by Block Amount (“**ASBA**”) process, and shall provide details of their respective bank account (including UPI ID for Retail Individual Investors using UPI Mechanism) in which the Bid Amount will be blocked by the SCSBs or the Sponsor Bank, as the case may be. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, specific attention is invited to “**Offer Procedure**” on page 697.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of our Equity Shares is ₹ 2. The Offer Price, Floor Price and Price Band, as determined and justified by our Company and the Selling Shareholder in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, and as stated in “**Basis for Offer Price**” on page 110 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to “**Risk Factors**” on page 27.

### ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. The Selling Shareholder accepts responsibility for and confirms that the statements specifically made or confirmed by the Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. However, the Selling Shareholder assumes no responsibility for any other statement, including, *inter alia*, any statements made by or relating to our Company or its business.

### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purpose of this Offer, [●] is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see “**Material Contracts and Documents for Inspection**” on page 762.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

<b>ICICI Securities Limited</b> ICICI Venture House Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India <b>Tel:</b> (+ 91 22) 6807 7100 <b>E-mail:</b> capillary.ipo@icicisecurities.com <b>Website:</b> www.icicisecurities.com <b>Investor Grievance E-mail:</b> customercare@icicisecurities.com <b>Contact Person:</b> Kristina Dias <b>SEBI Registration No.:</b> INM000011179	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India <b>Tel:</b> (+91 22) 4336 0000 <b>E-mail:</b> capillary.ipo@kotak.com <b>Website:</b> www.investmentbank.kotak.com <b>Investor Grievance E-mail:</b> kmccredressal@kotak.com <b>Contact Person:</b> Ganesh Rane <b>SEBI Registration No.:</b> INM000008704	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F, Shivsagar Estate Dr. Annie Besant Marg, Worli Mumbai 400 018 Maharashtra, India <b>Tel:</b> (+ 91 22) 4037 4037 <b>E-mail:</b> capillaryipo@nomura.com <b>Website:</b> www.nomuraholdings.com/company/group/asia/india/index.html <b>Investor Grievance E-mail:</b> investorgrievances-in@nomura.com <b>Contact Person:</b> Vishal Kanjani / Kshitij Thakur <b>SEBI Registration No.:</b> INM000011419	<b>Link Intime India Private Limited</b> C-101, 1 <sup>st</sup> Floor, 247 Park L.B.S. Marg Vikhroli (West), Mumbai 400 083 Maharashtra, India <b>Tel:</b> (+ 91 22) 4918 6200 <b>E-mail:</b> capillary.ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Investor Grievance E-mail:</b> capillary.ipo@linkintime.co.in <b>Contact Person:</b> Shanti Gopalkrishnan <b>SEBI Registration No.:</b> INR000004058

### BID/OFFER PERIOD

<b>BID/OFFER OPENS ON<sup>(1)</sup></b>	[●]	<b>BID/OFFER CLOSES ON<sup>(2)</sup></b>	[●]
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<sup>(1)</sup> Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

<sup>(2)</sup> Our Company and the Selling Shareholder, in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

*Unless the context otherwise indicates or implies or unless otherwise specified, the following terms and abbreviations have the following meanings in this Draft Red Herring Prospectus, and references to any statute or rules or guidelines or regulations or circulars or notifications or policies will include any amendments, clarifications, modifications, replacements or re-enactments notified thereto, from time to time.*

*Unless the context otherwise indicates, all references to “**the Company**”, and “**our Company**”, are references to Capillary Technologies India Limited, a company incorporated in India under the Companies Act 1956 with its Registered and Corporate Office at #36/5, 2nd floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru 560 102, Karnataka, India.*

*The words and expressions used but not defined in this Draft Red Herring Prospectus will (to the extent applicable) have the same meaning as assigned to such terms under the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, (the “**SEBI Act**”), the SEBI ICDR Regulations, the Securities Contracts (Regulation) Act, 1956 (the “**SCRA**”), the Depositories Act, 1996 (the “**Depositories Act**”) and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms defined in “**Basis for Offer Price**”, “**Statement of Special Tax Benefits**”, “**Industry Overview**”, “**Key Regulations and Policies in India**”, “**Financial Statements**”, “**Outstanding Litigation and Other Material Developments**”, “**Government and Other Approvals**” and “**Main Provisions of the Articles of Association**” on pages 110, 113, 140, 211, 247, 702, 705 and 749 respectively, will have the meaning ascribed to such terms in the respective sections.*

#### Company Related Terms

Term	Description
Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information	Arithmetic aggregated adjusted Capillary (excluding Persuade Group) information shall mean the arithmetic combined aggregate of the following: - (i) the historical India business operated by our Company; (ii) the historical international business of Capillary Shanghai, Capillary Indonesia, Capillary Dubai, and Capillary Malaysia; and (iii) the historical international business operated by CTIPL which has been transferred to CPL pursuant to Business Transfer  adjusted for eliminations of transactions and balances (as applicable) between (i), (ii) and (iii) respectively
Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information	Arithmetic aggregated adjusted Capillary (including Persuade Group) information shall mean the arithmetic combined aggregate of the following:- (i) the historical India business operated by our Company; (ii) the historical international business of Capillary Shanghai, Capillary Indonesia, Capillary Dubai, and Capillary Malaysia; (iii) the historical international business operated by CTIPL which has been transferred to CPL pursuant to Business Transfer (iv) the historical business operations of Persuade Group  adjusted for elimination of transactions and balances (as applicable) between (i), (ii), (iii) and (iv) respectively
Articles of Association/ Articles/AoA	The articles of association of our Company, as amended
Assignment Deed	Deed of assignment dated November 20, 2021 entered into between CTIPL and CPL
Audit Committee	The audit committee of our Board, as described in “ <b>Our Management</b> ” on page 223
Auditors/Statutory Auditors	The current statutory auditors of our Company, being S.R. Batliboi & Associates LLP, Chartered Accountants
Board/Board of Directors	The board of directors of our Company, or a duly constituted committee thereof, as described in “ <b>Our Management</b> ” on page 223
Business Transfer/BTA	The business and loan transfer agreement, dated November 1, 2021, along with the addendum dated December 21, 2021, entered into between our Promoter, CTIPL, and our Material Subsidiary, CPL
Capillary Dubai	Capillary Technologies DMCC



Term	Description
Capillary Dubai Special Purpose Ind AS Financial Statements	The audited special purpose Ind AS financial statements of Capillary Dubai which comprise the balance sheet, statement of profit and loss, statement of cash flows and statement of changes in equity as at and for the Fiscals ended 2019, 2020, 2021, and the three months' period ended June 30, 2021, and a summary of the significant accounting policies and other explanatory information
Capillary Group	Collectively, our Company together with our seven subsidiaries, CPL, Capillary Malaysia, Capillary Dubai, Capillary Indonesia, Capillary Shanghai, PHI and PLC
Capillary Indonesia	PT Capillary Technologies Indonesia
Capillary Indonesia Special Purpose Ind AS Financial Statements	The audited special purpose Ind AS financial statements of Capillary Indonesia which comprise the statement of assets and liabilities, statement of profit and loss, statement of cash flows and statement of changes in equity, as at and for the Fiscals ended 2019, 2020, 2021, and the three months' period ended June 30, 2021, and a summary of the significant accounting policies and other explanatory information
Capillary Malaysia	Capillary Technologies (Malaysia) Sdn. Bhd.
Capillary Malaysia Special Purpose Ind AS Financial Statements	The audited special purpose Ind AS financial statements of Capillary Malaysia which comprise the balance sheet, statement of profit and loss, statement of cash flows and statement of changes in equity, as at and for the Fiscals ended 2019, 2020, 2021, and the three months' period ended June 30, 2021, and a summary of the significant accounting policies and other explanatory information
Capillary Shanghai	Capillary Technologies (Shanghai) Co. Ltd.
Capillary Shanghai Special Purpose Ind AS Financial Statements	The audited special purpose Ind AS financial statements of Capillary Shanghai which comprise the balance sheet, statement of profit and loss, statement of cash flows and statement of changes in equity as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021, and a summary of the significant accounting policies and other explanatory information
CCPS	0.01% compulsorily convertible cumulative preference shares of our Company of face value of ₹ 10 each
Chief Financial Officer/ CFO	The chief financial officer of our Company, being Mahendra Chordia
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Gireddy Bhargavi Reddy
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, as described in <i>“Our Management”</i> on page 223
CPL	Capillary Pte. Ltd.
CTIPL	Capillary Technologies International Pte. Ltd.
CTIPL Carved Out Financials	Carve out financial statements of the business transferred by CTIPL (the <i>“Transferor”</i> ) including transfer of business assets and liabilities as per the Business and Loan Transfer Agreement dated November 1, 2021 and addendum thereof dated December 21, 2021 ( <i>“Transferred Business”</i> ), which comprises the carve out balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the carve out statement of profit and loss, including other comprehensive income, carve out cash flow statement and the carve out statement of changes in owner's net investment including a summary of significant accounting policies and other explanatory information for the three months' period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019
Director(s)	The director(s) on our Board, as described in <i>“Our Management”</i> on page 223
Equity Shares	The equity shares of our Company of face value of ₹ 2 each
ESOP 2021	Capillary Employee Stock Option Scheme – 2021
Executive Director	Executive director on our Board, as described in <i>“Our Management”</i> on page 223
Gift Deed China	The gift deed dated November 30, 2021, entered into between CTIPL and CPL
Gift Deed Dubai	The gift deed dated November 30, 2021, entered into between CTIPL and CPL
Gift Deed Indonesia	The gift deed dated November 30, 2021, entered into between CTIPL and CPL
Gift Deed Malaysia	The gift deed dated November 22, 2021, entered into between CTIPL and CPL
Group Company	In terms of SEBI ICDR Regulations, the term “group companies” includes such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and any other companies as considered material by our Board, in accordance with the Materiality Policy, as described in <i>“Our Group Company”</i> on page 244
Holding Company/ Promoter/ Selling Shareholder/ Selling Shareholder	CTIPL
Independent Director(s)	Independent director(s) on our Board, as described in <i>“Our Management”</i> on page 223
Innoven Loan	The loan availed by CTIPL from Innoven Capital Singapore Pte. Ltd. under the facility agreement dated August 12, 2021, which has been transferred to CPL pursuant to the Business Transfer

Term		Description
KMP/Key Personnel	Managerial	Key managerial personnel of our Company identified in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “ <b>Our Management</b> ” on page 223
Material Subsidiaries		Capillary Pte. Ltd., Capillary Technologies DMCC, Capillary Technologies (Malaysia) Sdn. Bhd., Capillary Technologies (Shanghai) Co. Ltd. and Persuade Loyalty LLC
Materiality Policy		The policy adopted by our Board pursuant to its resolution dated December 23, 2021, for identification of Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the requirements under the SEBI ICDR Regulations
MoA/Memorandum of Association		The memorandum of association of our Company, as amended
Nomination and Remuneration Committee		The nomination and remuneration committee of our Board, as described in “ <b>Our Management</b> ” on page 223
Non-Executive Director(s)		Non-executive director(s) on our Board, as described in “ <b>Our Management</b> ” on page 223
Persuade Group		Collectively, PHI and PLC
PHI		Persuade Holdings, Inc. ( <i>formerly known as Persuade Holdings LLC</i> )
PHI Special Purpose Financial Statements		The audited special purpose financial statements of PHI which comprise the balance sheet, statement of profit and loss, statement of cash flows and statement of changes in equity as at and for the Fiscals ended 2019, 2020, 2021, and for the three months’ period ended June 30, 2021, and a summary of the significant accounting policies and other explanatory information
PLC/ Persuade Loyalty		Persuade Loyalty, LLC
PLC Special Purpose Financial Statements		The audited special purpose financial statements of PLC which comprise the balance sheet, statement of profit and loss, statement of cash flows and statement of changes in equity as at and for the Fiscals ended 2019, 2020, 2021, and for the three months’ period ended June 30, 2021, and a summary of the significant accounting policies and other explanatory information
Proforma Information	Financial	The unaudited proforma financial information of the Capillary Group, comprising the proforma balance sheet as at March 31, 2019, March 31, 2020, March 31, 2021 and June 30, 2021 along with the proforma statement of profit and loss for the Fiscals ended 2019, 2020 and 2021, and the three months’ period ended June 30, 2021, read with the notes to the proforma financial information, prepared to illustrate the impact of the Business Transfer, acquisition of shareholding of four Subsidiaries ie., Capillary Dubai, Capillary Indonesia, Capillary Malaysia, and Capillary Shanghai, through our Subsidiary, CPL, pursuant to multiple gift deeds and the acquisition of Persuade Group on our financial position as if acquisition got consummated on last date of the year/ period and on our results of operations as if acquisition got consummated at the beginning of the year/period and included in “ <b>Proforma Financial Information</b> ” on page 302.
Promoter Group		Entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in “ <b>Our Promoter and Promoter Group</b> ” beginning on page 240
Registered and Corporate Office		The registered and corporate office of our Company, situated at #36/5, 2 <sup>nd</sup> floor, Somasandra Palya, adjacent 27 <sup>th</sup> Main Road, Sector 2, HSR Layout, Bengaluru 560 102, Karnataka, India
Restated Statements	Summary	Our restated summary statements which comprises the restated summary statement of assets and liabilities, the restated summary statement of profit and loss, the restated summary statement of cash flows and the restated summary of changes in equity as at and for the Fiscals ended 2019 (as adjusted), 2020 (as adjusted), 2021, and for the three months’ period ended June 30, 2021, together with the annexures and the notes thereto, which are derived from audited financial statements of our Company as at and for the Fiscals ended 2019, 2020 and 2021, which were prepared in accordance with accounting principles generally accepted in India (“ <b>Indian GAAP</b> ”) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 (as amended), and for the three months’ period ended June 30, 2021, prepared in accordance with Indian Accounting Standard 34 (“ <b>Ind AS 34</b> ”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, and included in “ <b>Financial Statements</b> ” on page 247.
Risk Committee	Management	The risk management committee of our Board, as described in “ <b>Our Management</b> ” on page 223
RoC/Registrar of Companies	of	Registrar of Companies, Karnataka at Bangalore
Shareholders		The holders of the Equity Shares from time to time
Stakeholders’ Relationship Committee		The stakeholders’ relationship committee of our Board, as described in “ <b>Our Management</b> ” on page 223
Subsidiaries		The subsidiaries of our Company as on the date of this Draft Red Herring Prospectus, namely, Capillary Pte. Ltd., Capillary Technologies (Malaysia) Sdn. Bhd., Capillary Technologies DMCC, PT Capillary Technologies Indonesia, Capillary Technologies (Shanghai) Co. Ltd.,

Term	Description
	Persuade Holdings, Inc. and Persuade Loyalty, LLC as disclosed in “ <i>History and Certain Corporate Matters - Subsidiaries of our Company</i> ” on page 219.
	For the purpose of the financial information in this Draft Red Herring prospectus, the term Subsidiaries shall include subsidiaries as at and during the relevant fiscal/period as applicable.

## Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotted/Allotment/Allot	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 100 million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus. The Anchor Investor Allocation Price shall be determined by our Company and the Selling Shareholder, in consultation with the BRLMs on the Anchor Investor Bidding Date
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Bidding Date	The day, being one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted, prior to and after which BRLMs will not accept any Bids from Anchor Investors, and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and Selling Shareholder, in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Category, which may be allocated by our Company and the Selling Shareholder in consultation with the BRLMs, to Anchor Investors, on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
Application Supported by Blocked Amount/ASBA	An application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account and will include application made by RIIs using the UPI Mechanism, where the Bid amount will be blocked upon acceptance of UPI Mandate Request by RIIs using the UPI mechanism
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes a bank account maintained by a Retail Individual Investor linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the Retail Individual Investor using the UPI Mechanism
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders bidding through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer	Collectively, the Escrow Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in “ <i>Offer Procedure</i> ” on page 697
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable

Term	Description
	In the case of Retail Individual Investors Bidding at the Cut-off Price, the Bid Amount is the Cap Price multiplied by the number of Equity Shares Bid for by such RII and mentioned in the Bid cum Application Form
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid, including an ASBA Form, and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/Bidding	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to the submission of an ASBA form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bid, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located). In case of any revisions, the extended Bid/Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank. Our Company and the Selling Shareholder, in consultation with the BRLMs may consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located)
Bid/Offer Period	Except in relation to any Bids received from the Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, and includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branches, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being I-Sec, Kotak and Nomura
Broker Centres	Broker centres of the Registered Brokers where ASBA Bidders can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI) to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> , and updated from time to time
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted, including any revisions thereof
Cash Escrow and Sponsor Bank Agreement	The agreement to be entered into amongst our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs and Banker(s) to the Offer for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account, and where applicable remitting refunds, if any, to such Bidders, on the terms and conditions thereof
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of BSE and NSE respectively, as updated from time to time

Term	Description
Collecting Registrar and Share Transfer Agents/RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 issued by SEBI
Confirmation of Allocation Note/CAN	Notice or intimation of allocation of the Equity Shares to be sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date
Cut-off Price	The Offer Price, finalised by our Company and the Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, as applicable
Designated CDP Locations	Such centres of the Collecting Depository Participants where ASBA Bidders can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI). The details of such Designated CDP Locations, along with the names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
Designated Date	The date on which the funds from the Escrow Account are transferred to the Public Offer Account or the Refund Account, as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account(s) and/or are unblocked, as applicable, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
Designated Intermediaries	<p>In relation to ASBA Forms submitted by RIIs (not using the UPI Mechanism) authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs</p> <p>In relation to ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate, Registered Brokers, CDPs and RTAs</p> <p>In relation to ASBA Forms submitted by QIBs and NIIs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-Syndicate, Registered Brokers, CDPs and RTAs</p>
Designated RTA Locations	Such centres of the RTAs where ASBA Bidders can submit the ASBA Forms (in case of RIIs only ASBA Forms under UPI). The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated December 24, 2021 filed with SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto
Eligible FPI(s)	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible NRI(s)	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form constitutes an invitation to subscribe or purchase for the Equity Shares
Escrow Account(s)	Account(s) opened with the Escrow Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS or NACH in respect of the Bid Amount when submitting a Bid
Escrow Bank	A bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 2,000.00 million by our Company

Term	Description
	Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company
General Information Document/GID	The general information document for investing in public issues, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 and the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 notified by SEBI and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
I-Sec	ICICI Securities Limited
Kotak	Kotak Mahindra Capital Company Limited
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement to be entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see " <i>Objects of the Offer</i> " on page 101
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
Non-Institutional Category	The portion of the Offer being not more than 15% of the Offer, or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors, subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NIIs	All Bidders, including FPIs other than individuals, corporate bodies and family offices, registered with SEBI, that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 2 each for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 8,500.00 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,000.00 million and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 6,500.00 million by the Selling Shareholder
Offer Agreement	The agreement dated December 24, 2021 entered into among our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating to ₹ 6,500.00 million by the Selling Shareholder, in terms of the Red Herring Prospectus and the Prospectus
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company and the Selling Shareholder, in consultation with the BRLMs in terms of the Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus
Offered Shares	The Equity Shares offered by the Selling Shareholder in the Offer by way of Offer for Sale
Pre-IPO Placement	Our Company, in consultation with the BRLMs, may consider a further issue of Equity Shares, including by way of a private placement of Equity Shares aggregating up to ₹ 400.00 million at its discretion, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least [●]% of the post-Offer paid-up Equity Share capital of our Company
Price Band	Price band ranging from a Floor Price of ₹ [●] per Equity Share to a Cap Price of ₹ [●] per Equity Share, including revisions thereof, if any. The Price Band will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and the minimum Bid Lot size will be decided by our Company and the Selling Shareholder in consultation with the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and the Selling Shareholder in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Sections 26 and 32 of the Companies Act 2013 and the SEBI ICDR

Term	Description
	Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The bank account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act 2013 to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations, with whom the Public Offer Account is opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer, being not less than 75% of the Offer, or [●] Equity Shares, which shall be available for allocation to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or the Anchor Investor Offer Price (for Anchor Investors)
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued by our Company in accordance with Section 32 of the Companies Act 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account	The account opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank	The bank which is a clearing member registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account will be opened
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular (CIR/CFD/14/2012) dated October 4, 2012, issued by SEBI
Registrar Agreement	The agreement dated December 23, 2021, entered into among our Company, the Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer	Link Intime India Private Limited
Retail Category	The portion of the Offer, being not more than 10% of the Offer, or [●] Equity Shares, available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Retail Individual Investors/RIIs	Individual Bidders, whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB category and Non-Institutional Investors bidding in the Non-Institutional category are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during Bid/Offer period and withdraw their Bids until Bid/Offer Closing Date
Self-Certified Syndicate Banks/SCSBs	(i) The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time, and (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the “list of mobile applications for using UPI in public issues” displayed on SEBI website at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> . The said list shall be updated on SEBI website
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement
Share Escrow Agreement	Agreement to be entered into among the Selling Shareholder, our Company and the Share Escrow Agent in connection with the transfer of the respective portion of Equity Shares being offered by the Selling Shareholder in the Offer for Sale portion of the Offer and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding Centres where the Syndicate shall accept Bid cum Application Forms, a list of which will be included in the Bid cum Application Form

Term	Description
Sponsor Bank	The Banker to the Offer registered with SEBI, which will be appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request by an RII in accordance with the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
Stock Exchanges	Together, BSE and NSE
Syndicate Agreement	The agreement to be entered into among the members of the Syndicate, our Company, the Selling Shareholder and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter
Syndicate or members of the Syndicate	Together, the BRLMs and the Syndicate Members
Underwriters	●
Underwriting Agreement	The agreement to be entered into among our Company, the Selling Shareholder and the Underwriters, on or after the Pricing Date but before filing of the Prospectus with the RoC
UPI	Unified Payments Interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021, SEBI circular (SEBI/HO/CFD/DIL1/CIR/P/2021/47) dated March 31, 2021, SEBI circular (SEBI/HO/CFD/DIL2/P/CIR/2021/570) dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard from time to time
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the Retail Individual Investors, by way of a notification on the UPI application and by way of an SMS directing the Retail Individual Investors to such UPI application) to the Retail Individual Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The Bidding mechanism that may be used by Retail Individual Investors to make Bids in the Offer in accordance with the UPI Circulars
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	Wilful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Working Day(s)	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges excluding Sundays and bank holidays in India, as per the circulars issued by SEBI from time to time

## Conventional and General Terms and Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” “INR”	Indian Rupees
Adjusted EBITDA	Adjusted earnings before interest, tax, depreciation and amortization and is calculated as profit / (loss) for the year / period plus tax expense, finance cost, depreciation and amortization expenses, intangible assets under development written off, exceptional (loss), employee stock option expenses, loss on account of foreign exchange fluctuations (net) and advances / deposits written off less other income, finance income, exceptional gains, gain on account of foreign exchange fluctuations (net)
AGM	Annual general meeting of shareholders under the Companies Act 2013
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under the SEBI AIF Regulations
Banking Regulation Act	Banking Regulation Act, 1949
Bn/bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Client ID	Client identification number of the Bidder’s beneficiary account



Term	Description
Companies Act 1956	The erstwhile Companies Act, 1956 read with the rules, regulations, clarifications and modifications thereunder
Companies Act 2013	Companies Act 2013, as amended read with rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The Consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
Copyright Act	Copyright Act, 1957
COVID - 2019/COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996, read with the rules, regulations, clarifications and modifications thereunder
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director identification number
DP ID	Depository participant's identity number
DP/Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly <i>Department of Industrial Policy and Promotion</i> ), GoI
EBITDA	Earnings before interest, tax, depreciation and amortization and is calculated as profit / (loss) for the year / period plus tax expense, profit / (loss) before tax, finance cost, depreciation and amortization expenses, and intangible assets under development written off
EGM	Extraordinary general meeting
EPS	Earnings per share
FC-GPR	Foreign Currency Gross Provisional Return
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the provisions of FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/Fiscal/Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	Foreign portfolio investor registered with SEBI pursuant to the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors registered with SEBI pursuant to the SEBI FVCI Regulations
GDP	Gross Domestic Product
GoI/Central Government	The Government of India
HUF(s)	Hindu undivided family(ies)
ICAI	Institute of Chartered Accountants of India
ICAI Guidance Note	Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
Income Tax Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act 2013
Ind AS 24	Indian Accounting Standard 24 notified under Section 133 of the Companies Act 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act 2013
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority Act of India
IT Act	Information Technology Act, 2002
MCA	The Ministry of Corporate Affairs, Government of India
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net asset value

Term	Description
NBFC-SI	Systemically important non-banking financial company
NR/Non-Resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under section 3 of the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed by the SEBI AIF Regulations
STT	Securities Transaction Tax
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
US\$/USD/US Dollar	United States Dollar, the official currency of the United States of America
USA/U.S./US	United States of America
VCFs	Venture Capital Fund as defined in and registered with SEBI under the SEBI VCF Regulations

## Industry Related Terms

Term	Description
AI	Artificial Intelligence
aiRA	Artificial Intelligence Retail Analytics
API	Application Programming Interface
APM	Application Performance Monitoring
AR	Augment Reality
B2B	Business-to-Business
BOPIS	Buy Online, Pick-Up In-Store
BPL	Below Poverty Line
CDO	Chief Digital Officer
CDP	Customer Data Platform
CIO	Chief Information Officer
CPG	Consumer Packaged Goods
CRM	Customer Relationship Management
CX	Customer Experience
CXO	Chief Experience Officer

Term	Description
DB	Database
ECO-SaaS	E-commerce Software-as-a-Service
ERP	Enterprise Resource Planning
EV	Electric Vehicles
EV/R	Enterprise Value-to-Revenue
IOT	Internet of Things
ISO	International Organisation for Standardisation
ISV	Independent Software Vendor
IT	Information Technology
LPG	Liquefied Petroleum Gas
ML	Machine Learning
NPISH	Non-Profit Institutions Serving Households
PCI DSS	Payment Card Industry Data Security Standard
POS	Point of Sale
QR Code	Quick Response Code
QSR	Quick Service Restaurants
RFM	Recency, Frequency and Monetary
RPS	Retail Payment System
SaaS	Software-as-a-Solution
SMB	Small and Medium Business
SME	Small and Medium Enterprise
SMS	Short Message Service
SOC2	A voluntary compliance standard for service organisations, developed by the American Institute of Certified Public Accountant which specifies how organisations should manage customer data
VC	Venture Capitalist
VR	Virtual Reality
Zinnov	Zinnov Management Consulting
Zinnov Report	Report titled “ <i>Customer Engagement Software Market</i> ” dated December 23, 2021 which is a paid report and commissioned by us in connection with the Offer) prepared and issued by Zinnov which was appointed by our Company pursuant to a statement of work dated August 25, 2021

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India and all references herein to the “US / USA / the U.S./ U.S.A / the United States”, “Singapore”, “Dubai”, “Malaysia”, and “Shanghai” are to the United States of America, the Republic of Singapore, to Dubai, Federation of the United Arab Emirates, Federation of Malaysia, People’s Republic of China, and Hu respectively.

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time (“IST”) and unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Further, unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### Financial Data

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2019, 2020 and 2021 and the three months’ period ended June 30, 2021, included herein is derived from the Restated Summary Statements of our Company included in this Draft Red Herring Prospectus. The Restated Summary Statements of our Company comprises the restated summary statement of assets and liabilities, the restated summary statement of profit and loss, the restated summary statement of cash flows and the restated summary of changes in equity as at and for the Fiscals ended 2019 (as adjusted), 2020 (as adjusted), 2021, and for the three months’ period ended June 30, 2021, together with the annexures and the notes thereto, which are derived from audited financial statements of our Company as at and for the Fiscals ended 2019, 2020 and 2021, which were prepared in accordance with accounting principles generally accepted in India (“**Indian GAAP**”) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 (as amended), and for the three months’ period ended June 30, 2021, prepared in accordance with Indian Accounting Standard 34 (“**Ind AS 34**”) as prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, and included in “**Financial Statements**” on page 247

Prior to November 2021, our Company operated only the India business of the Capillary Group, while our Promoter, CTIPL operated the international business of the Capillary Group through several wholly owned subsidiaries across various jurisdictions. Prior to the filing of the Draft Red Herring Prospectus, we undertook a reorganisation of the Capillary Group (the “**Reorganisation**”), pursuant to which our Company through its Material Subsidiary, CPL, (i) acquired the majority of the business and business assets of our Promoter, CTIPL pursuant to the Business Transfer with effect from November 1, 2021, and (ii) also acquired all of the shareholding of Capillary Dubai, Capillary Indonesia, and Capillary Shanghai, and held by our Promoter, CTIPL with effect from November 30, 2021 and all shareholding of Capillary Malaysia held by our Promoter with effect from November 22, 2021, pursuant to multiple gift deeds. On the completion of such Reorganisation, our Company directly operates the India business as well as the international business through its Material Subsidiary, CPL, and its other Subsidiaries. The Restated Summary Statements of our Company for Fiscals 2019, 2020 and 2021 and for the three months’ period ended June 30, 2021, therefore, reflects only the India business and not the international business operations of the Capillary Group prior to such Reorganisation. In addition, with effect from September 1, 2021, our Company, through its Material Subsidiary, CPL, acquired the entire shareholding of Persuade Group (the “**Persuade Acquisition**”). For further information on the Reorganisation and the Persuade Acquisition, see “**History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years**” on page 217.

In order to provide potential investors with an illustrative impact of our current business operations, entities acquired pursuant to Reorganisation and the Persuade Acquisition, we have in this Draft Red Herring Prospectus, presented the illustrative proforma impact under the Proforma Financial Information that is based on:

- (i) Restated Summary Statements of our Company which comprises the restated summary statement of assets and liabilities, the restated summary statement of profit and loss, the restated summary statement of cash flows and the restated summary of changes in equity as at and for the Fiscals ended 2019 (as

adjusted), 2020 (as adjusted), 2021, and for the three months' period ended June 30, 2021, together with the annexures and the notes thereto, which are derived from the audited financial statements of our Company as at and for the Fiscals ended 2019, 2020 and 2021, which were prepared in accordance with Indian GAAP as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 (as amended), and for the three months' period ended June 30, 2021, prepared in accordance with Ind AS 34 as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, and included in "**Financial Statements**" on page 247. The Company has finalised the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2020.

- (ii) the PHI Special Purpose Financial Statements as at and for the Fiscals ended 2019, 2020, 2021 and for the three months' period ended June 30, 2021, and the PLC Special Purpose Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021.
- (iii) the special purpose audited financial statements of the following entities:
  - the Capillary Dubai Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
  - the Capillary Indonesia Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
  - the Capillary Malaysia Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
  - the Capillary Shanghai Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
  - the Special Purpose Carve Out Financial Statements of CTIPL as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021.

For further information on the preparation and presentation of the Proforma Financial Information, see "**Managements' Discussion and Analysis of our Financial Condition and Results of Operations – Presentation of Financial Information**" on page 649. Our Statutory Auditors have issued a report in accordance with SAE 3420 on the Proforma Financial Information. The adjustments are as set out under "**Proforma Adjustments**" therein, and include adjustments to make (a) accounting policies of financial information of the acquired entities in the Reorganisation as well as Persuade Group consistent with that of our Company; and (b) other directly attributable adjustments to the acquisition of the acquired entities in the Reorganisation as well as relating to the Persuade Acquisition. The Proforma Financial Information have been prepared for illustrative purposes only wherein the Restated Summary Statements of our Company have been adjusted in the proforma financial information to give effect to the proforma events that are directly attributable to such acquisitions and factually supportable and addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations, and is not intended to be indicative of our future financial condition and results of operations. For further information, see "**Risk Factors - The Proforma Financial Information included in this Draft Red Herring Prospectus is not indicative of our future financial condition or results of operations.**" on page 34 and - ***We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies***" on page 55.

In addition to the Restated Summary Statements of our Company and the Proforma Financial Information included in this Draft Red Herring Prospectus, we have also included certain key financial and operating metrics on a combined basis for Fiscals ended 2019, 2020 and 2021, and for the three months' period ended June 30, 2021 based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information; and certain key financial and operating metrics on a combined basis for Fiscals ended 2019, 2020 and 2021, and for the three months' period ended June 30, 2021, based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information. Since such financial information is presented on a combined basis, the degree of reliance

placed by investors on our Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information and our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information should be limited. For further information, see ***“Risk Factors - The Proforma Financial Information included in this Draft Red Herring Prospectus is not indicative of our future financial condition or results of operations.”*** on page 34 and ***- We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies”*** on page 55.

For further information on our Company’s financial information, see ***“Financial Information”*** beginning on page 247.

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular fiscal or financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Draft Red Herring Prospectus are to a calendar year.

There are significant differences between the Ind AS, the International Financial Reporting Standards issued by the International Accounting Standards Board (the “**IFRS**”) and the Generally Accepted Accounting Principles in the United States of America (the “**U.S. GAAP**”). Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify or identify the impact of the differences between the financial data (prepared under Ind AS and IFRS/U.S. GAAP), nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data included in this Draft Red Herring Prospectus.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

### **Non-Generally Accepted Accounting Principles Financial Measures**

Certain non-generally accepted accounting principle (“**Non-GAAP**”) measures, such as Adjusted EBITDA, EBITDA, Adjusted EBITDA Margin, Net Asset Value per Equity Share, Net Worth, Return of Networth, Debt/Equity Ratio, Capitalisation, Non-Current Borrowings/Equity Ratio, Total Borrowings/Equity Ratio, Proforma Financial Information, Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information and Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information and certain financial information on aggregate combined basis (together the “**Non-GAAP Measures**”) presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with Ind AS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the year/period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company’s operating performance. For further details, see ***“Other Financial Information”*** on page 642, ***“Management’s Discussion and Analysis of Financial Conditions and results of Operations”*** on page 649 and ***“Risk Factors: We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry***

*measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies” on page 55.*

## **Industry and Market Data**

For the purpose of confirming our understanding of the industry in connection with the Offer, we have commissioned and paid for a report titled “*Customer Engagement Software Market*” dated December 23, 2021 (“**Zinnov Report**”) prepared and issued by Zinnov Management Consulting (“**Zinnov**”), exclusively for the purpose of this Offer, who were appointed by our Company pursuant to a statement of work dated August 25, 2021. Zinnov has required us to include the following disclaimer in connection with the Zinnov Report:

*“This independent market research study “Customer Engagement Software Market” dated December 23, 2021 has been prepared for the proposed initial public offering of equity shares by Capillary Technologies India Limited.*

*This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and market / industry experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Zinnov and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.*

*Zinnov has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.*

*Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.*

*In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

*The report has been prepared for the Company’s internal use, submission, and sharing with the relevant partners as well as for inclusion in the DRHP, RHP, Prospectus or any other document in relation to the Offer, in full or in parts as may be decided by the Company.”*

Aside from the above, unless otherwise stated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from publicly available sources of industry data. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “**Risk Factors – Industry information included in this Draft Red Herring**

*Prospectus has been derived from an industry report exclusively commissioned and paid for by our Company for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate*” on page 56. Accordingly, investment decisions should not be based solely on such information.

Zinnov is an independent agency and is not related to our Company, our Directors or Key Managerial Personnel in any manner and is not a related party of our Company, Directors, Promoter or Key Managerial Personnel.

In accordance with the SEBI ICDR Regulations, “*Basis for Offer Price*” on page 110 includes information relating to our peer group companies. Such information has been derived from publicly available sources. Accordingly, no investment decision should be made solely on the basis of such information.

## Currency and Units of Presentation

All references to “**Rupees**” or “**₹**” or “**Rs.**” or “**INR**” are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**”, “**\$**”, “**U.S. Dollar**”, “**USD**” or “**U.S. Dollars**” are to United States Dollar, the official currency of the United States of America. All references to “**AED**” or “**Dirham**” are to the Emirati Dirham, the official currency of the United Arab Emirates (“**UAE**”). All references to the “**SGD**” are to the Singaporean Dollar, the official currency of Singapore. All references to “**Yuan**” or “**RMB**” are to the Renminbi, the official currency of the Republic of China. All references to the “**RM**” or the “**MYR**” are to the Malaysian Ringgit, the official currency of the Malaysia. All references to the “**IDR**” or “**Rp**” are to the Indonesian Rupiah, the official currency of Indonesia.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions, except where specifically indicated. One million represents 10 lakhs or 1,000,000 and 10 million represents one crore or 10,000,000. However, where any figures that may have been sourced from third party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

## Exchange Rates

This Draft Red Herring Prospectus contains conversions of U.S. Dollars and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The following table sets forth as of the dates indicated, information with respect to the exchange rate between the Indian Rupee, the U.S. Dollar, Singaporean Dollar, Emirati Dirham, Renminbi, Malaysian Ringgit, Indonesian Rupiah, Thai Bhat and Euro:

(in ₹)

Currency	Exchange Rate as on June 30, 2021	Exchange Rate as on March 31, 2021	Exchange Rate as on March 31, 2020	Exchange Rate as on March 31, 2019
1 US\$	74.33	73.17	75.37	69.28
1 SGD	55.25	54.43	53.01	50.71
1 AED	20.24	19.92	20.52	18.86
1 RMB	11.51	11.17	10.65	10.32
1 MYR	17.90	17.66	17.47	16.97
1 IDR	0.01	0.01	0.01	0.01
1 THB	2.32	2.34	2.30	2.18
1 EUR	88.09	85.92	83.08	77.74

Source: [www.x-rates.com](http://www.x-rates.com)



## NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “**U.S. QIBs**”) in transactions exempt from the registration requirements of the U.S. Securities Act, and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”. This Draft Red Herring Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the particular securities described herein. Any reproduction or distribution of this Draft Red Herring Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements include statements with respect to our business strategy, our expected revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements can generally be identified by words or phrases such as *“aim”, “anticipate”, “believe”, “continue”, “expect”, “estimate”, “intend”, “likely to”, “objective”, “plan”, “propose”, “project”, “seek to”, “will achieve”, “will continue”, “will likely”, “will pursue”* or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This could be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes in the industry we operate in and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India that may have an impact on our business or investments, monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates and prices, the general performance of Indian and global financial markets, changes in the competitive landscape and incidence of any natural calamities and/or violence. Significant factors that could cause our actual results to differ materially include, but are not limited to:

- inability to attract new customer in a cost effective manner;
- rejection by our customers of the prices charged by us for our solutions and services;
- loss or reduction of business from the customers which generate a significant portion of our revenue;
- termination of our contracts by our customers and/or inability to negotiate adverse terms or to renew contracts with our customers;
- decrease in demand for services in our industry verticals;
- inability to execute our strategy to increase sales of our offerings to new and existing large enterprise customers;
- failure to comply with our obligations under agreements with our customers;
- failure to develop and innovate our product, platform and solutions;
- unpredictable adverse impact on our business due to the COVID-19 pandemic; and
- failure to integrate or manage our acquisitions or investments in other companies and businesses

For a further discussion of factors that could cause our actual results to differ, see **“Risk Factors”**, **“Our Business”** and **“Management’s Discussion and Analysis of Financial Condition and Results of Operations”** on pages 27, 174 and 649, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future results and gains or losses could be materially different from those that have been estimated. Forward-looking statements reflect our current views as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate. Given these uncertainties,

investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Company, our Promoter, our Directors, nor the Selling Shareholder, nor the BRLMs, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with regulatory requirements of SEBI and as prescribed under applicable law, our Company, the Selling Shareholder (in respect of statements and undertakings specifically made confirmed by it in relation to itself and the Equity Shares offered by it in the Offer for Sale) and the BRLMs will ensure that bidders in India are informed of material developments from the date of the Red Herring Prospectus until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

## SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled “*Risk Factors*”, “*Objects of the Offer*”, “*Industry Overview*”, “*Our Business*”, “*Our Promoter and Promoter Group*”, “*Financial Statements*”, “*Outstanding Litigation and Other Material Developments*”, “*Offer Procedure*” and “*Main Provisions of the Articles of Association*” on pages 27, 101, 140, 174, 240, 247 702, 731 and 749 respectively.

### Summary of business

We are a technology-first company and offer artificial intelligence (“AI”)-based cloud-native Software-as-a-Solution (“SaaS”) products and solutions such as automated loyalty management and customer data platforms (“CDP”) that enable our large enterprise customers (i.e., customers that typically contribute more than ₹ 3.50 million a year in terms of revenues) to develop loyalty of their consumers and channel partners. Our diversified product suite and technology platform allows our customers to run end-to-end loyalty programs, get a comprehensive view of consumers and offer unified, cross-channel strategies that deliver a real-time omni-channel, personalized, and consistent experience for consumers. We are the market leader in Asia-Pacific region with a 39% market share in terms of loyalty management capabilities in 2020 based on the geographies in which we operate (includes customer loyalty only and customer segments that we serve but does not include employee loyalty) (Source: Zinnov Report).

### Summary of industry

The global loyalty management market size is estimated to be ₹ 810 billion (US\$11 billion) in 2021 and is expected to cross ₹ 1,190 billion (US\$16 billion) by 2024. With the evolution of digital technologies, legacy transactional systems are becoming obsolete and new-age technologies such as artificial intelligence, analytics, and augmented reality /virtual reality are being adopted by companies to enhance customer engagement. The global loyalty management market is witnessing significant growth as companies across various industries are adopting loyalty solutions to increase sales and customer retention. (Source: Zinnov Report)

### Promoter

CTIPL is the promoter of our Company.

### Offer size

Offer of up to [●] Equity Shares of face value of ₹ 2 each for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 8,500.00 million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,000.00 million (including a Pre- IPO Placement) and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 6,500.00 million by the Promoter Selling Shareholder.

### Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the objects set forth below:

( in ₹ million)	
Particulars	Estimated Amount <sup>(1)</sup>
Repayment/prepayment of all or certain portion outstanding borrowings availed by our Company (including accrued interest)	419.95
Investment in product development, investments in technology and other growth initiatives	720.00
Strategic investments and acquisitions	300.00
General corporate purposes <sup>(2)</sup>	[●]

<sup>(1)</sup> Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced by the amount raised from the Pre-IPO Placement and the minimum Offer size shall constitute at least [●]% of the post-Offer Equity Share capital of our Company subject to compliance with Rule 19(2)(b) of the SCRR. The proceeds from such Pre-IPO Placement will be accordingly deducted from the Net Proceeds and will not be subject to monitoring of funds by the Monitoring Agency. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus.

<sup>(2)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

## Aggregate pre-Offer shareholding of the Promoter, Promoter Group and Selling Shareholder

The aggregate equity shareholding of our Promoter, Promoter Group (other than our Promoter) and the Selling Shareholder as on the date of this Draft Red Herring Prospectus and the percentage of pre-Offer Equity Share capital is set forth below:

Name of the Promoter and Selling Shareholder	Pre-Offer Number of Equity Shares held	Percentage of Equity Share capital (%)
CTIPL	49,040,407 <sup>(1)</sup>	98.06

<sup>(1)</sup> Includes 20 Equity Shares held by Sridhar Bollam as a nominee of our Promoter

## Summary of select financial information derived from the Restated Summary Statements of our Company

(₹ in million, unless otherwise specified)				
Particulars	As at and for the Fiscal ended 2019 (As Adjusted)	As at and for the Fiscal ended 2020 (As Adjusted)	As at and for the Fiscal ended 2021	As at and for the three months' period ended June 30, 2021
Equity share capital	23.33	23.33	23.33	23.33
Net worth	66.21	119.30	324.96	379.95
Total income	1749.46	1675.99	1231.57	337.00
Restated (loss) / profit for the year / period	(116.68)	2.06	169.40	25.28
Restated earnings per equity share – basic	(2.44)	0.04	3.54	0.53
Restated (loss) / earnings per equity share – diluted	(2.44)	0.04	3.54	0.53
Net asset value per Equity Share (in ₹)*	1.38	2.49	6.79	7.94
Total borrowings #	181.63	244.12	191.30	198.66

\* Net asset value per equity share (in ₹) as adjusted for bonus and split (refer note below) for all periods presented in accordance with Ind AS 33 principles= Total equity attributable to owners of the Company divided by weighted average number of equity shares outstanding during the year / period

The Net Asset Value per equity share and EPS disclosed above are after considering the impact of bonus issue and sub-division of equity shares.

Subsequent to June 30, 2021, Shareholders by way of their resolution dated November 17, 2021 approved sub-division of equity shares of face value of ₹ 10 each into equity shares of face value of ₹ 2 each. Further, subsequent to June 30, 2021, shareholders by way of their resolution dated November 24, 2021 approved the issue of bonus shares in the ratio of 3.1:1 to the existing equity shareholders of our Company as per the provisions of Companies Act, 2013 and all other applicable laws and regulations. The above Net Asset Value per equity share and EPS are calculated after giving the impact of Share Sub-division and Bonus in accordance with Ind AS 33 for all periods presented. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021.

# The following is a summary table of Total borrowings:-

(₹ in million, unless otherwise specified)

Particulars	Fiscal 2019 (As Adjusted)	Fiscal 2020 (As Adjusted)	Fiscal 2021	Three months period ended June 30, 2021
<b>Non-current borrowings</b>				
External Commercial Borrowing ('ECB') from Holding Company (unsecured) (A)	-	150.94	73.15	74.33
Indian rupee term loans from Body Corporate - NBFC (secured) (B)	16.36	-	-	-
<b>Current borrowings</b>				
<b>Current maturities of long-term borrowings:</b>				
External Commercial Borrowing ('ECB') from Holding Company (unsecured) (C)	-	-	73.15	74.33
Indian rupee term loans from Body Corporate - NBFC (secured) (D)	65.46	16.37	-	-
<b>Short Term Borrowings:</b>				
Bank Overdraft (Secured) (E)	-	-	45.00	50.00
Working Capital loans from a bank (secured) (F)	99.81	76.81	-	-
<b>Total Borrowings ((G)= A+B+C+D+E+F)</b>	<b>181.63</b>	<b>244.12</b>	<b>191.30</b>	<b>198.66</b>

## Qualifications by the Statutory Auditors, which have not been given effect to in the Restated Summary Statements of our Company

There are no qualifications which have not been given effect to in the Restated Summary Statements of our Company.

## Summary of outstanding litigation

A summary of outstanding litigation proceedings involving our Company, our Promoter, our Directors, our Subsidiaries and our Group Company as on the date of this Draft Red Herring Prospectus is provided below:

Name of Entity <sup>(1)</sup>	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Material civil litigation	Aggregate amount involved (₹ in million) <sup>(2)</sup>
<b>Company</b>					
By our Company	-	-	-	-	-
Against our Company	-	-	1	-	Not quantifiable
<b>Subsidiaries</b>					
By the Subsidiaries	-	-	-	1	40.25 <sup>(3)</sup>
Against the Subsidiaries	-	-	-	-	-
<b>Directors</b>					
By the Directors	-	-	-	-	-
Against the Directors	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>40.25</b>

<sup>(1)</sup> There is no pending litigation involving our Group Company which will have a material impact on our Company.

<sup>(2)</sup> To the extent quantifiable

<sup>(3)</sup> Conversion rate as on June 30, 2021: 1 US\$ = ₹ 74.33 and 1 SGD = ₹ 55.25 (Source: [www.x-rates.com](http://www.x-rates.com)). Further a counter-claim has been filed by the respondent in this matter. For details, see “Outstanding Litigation and Other Material Developments – Litigation involving our Subsidiaries - Outstanding Litigation by our Subsidiaries” on page 703.

See “Outstanding Litigation and Other Material Developments” on page 702.

## Risk factors

Specific attention of Investors is invited to the section “**Risk Factors**” on page 27. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

## Summary of contingent liabilities of our Company

The following is a summary table of our contingent liabilities as per Ind AS 37, as of June 30, 2021 derived from the Restated Summary Statements of our Company:

		(₹ in million)
Particulars		As of June 30, 2021
Bank guarantees outstanding		3.91

## Summary of Related Party Transactions

The following is the summary of transactions with related parties of our Company for Fiscals ended 2019, 2020, 2021 and for the three months’ period ended June 30, 2021, based on the Restated Summary Statements of our Company as per the requirements under applicable Accounting Standards i.e., Ind AS 24 read with the SEBI ICDR Regulations.

		(₹ in million)			
Nature of transaction	Particulars	Fiscal 2019 (As Adjusted)	Fiscal 2020 (As Adjusted)	Fiscal 2021	Three months period ended June 30, 2021
	Related parties with whom transactions have taken place				
Service income from CTIPL*	CTIPL	966.17	888.30	611.35	211.85
Provisions/ liabilities no longer required, written back	CTIPL	-	1.12	-	-
Interest on debts and borrowings	CTIPL	-	1.57	7.53	1.18

Nature of transaction	Particulars	Fiscal 2019 (As Adjusted)	Fiscal 2020 (As Adjusted)	Fiscal 2021	Three months period ended June 30, 2021
	Related parties with whom transactions have taken place				
Bad debts written off	Elmet Technologies Private Limited (formerly known as Capillary Technologies Private Limited)	-	7.09	-	-
External commercial borrowings	CTIPL	-	139.28	-	-
Collections made on behalf of the Holding Company	CTIPL	-	-	1.89	-
Expenses incurred/ payments made on behalf of related party	CTIPL	0.49	-	-	-
Expenses incurred/ payments made on behalf of related party	Capillary Dubai^	0.60	-	-	-
Remuneration to key managerial personnel and their relatives#	Sridhar Bollam	4.63	5.04	5.02	3.05
Remuneration to key managerial personnel and their relatives#	Aneesh Reddy Boddu	10.03	13.46	13.44	6.05
Remuneration to key managerial personnel and their relatives#	Anant Choubey	-	1.40	6.22	1.68

\* Defined as "Service income from group companies" as per the Restated Summary Statements of our Company.

^ Our Company through our Material Subsidiary CPL has entered into a gift deed with our Promoter, CTIPL, dated November 30, 2021 to acquire all shareholding of Capillary Dubai.

#As the liability for gratuity and leave encashment is provided on an actuarial basis for our Company as a whole, the amount pertaining to remuneration to key managerial personnel as per Restated Summary Statements, is not ascertainable and, therefore, not disclosed above.

For further details of the related party transactions, see "Other Financial Information – Related Party Transactions" on page 644.

### Financing arrangements

There have been no financing arrangements whereby our Promoter, directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company during six months immediately preceding the date of this Draft Red Herring Prospectus.

### Details of acquisition of specified securities during the three years preceding the date of this Draft Red Herring Prospectus

Sr. No.	Name of the acquirer/shareholder	Date of acquisition/ allotment of equity shares	Date of acquisition/ allotment of preference shares	Number of equity shares acquired/ allotted	Number of preference shares acquired/ allotted	Acquisition price per equity share	Acquisition price per preference share
<b>Promoter and Selling Shareholder</b>							
1.	CTIPL	August 31, 2021	NA	294,180*	Nil	1,768.00*	Nil
2.	CTIPL	November 26, 2021	NA	37,079,317	Nil	Nil	Nil
<b>Promoter Group (other than Promoter)</b>							
1.	NA	NA	NA	NA	NA	NA	NA
<b>Other Selling Shareholders with Special Rights</b>							
1	NA	NA	NA	NA	NA	NA	NA

\*Including the impact of sub-division of Equity Shares.

The above details have been certified by Manian and Rao, Chartered Accountants, by way of their certificate dated December 24, 2021.

### Weighted average price at which equity shares/ preference shares were acquired

**Weighted average price at which equity shares were acquired by following category of Shareholders in the one year preceding the date of this Draft Red Herring Prospectus**

The weighted average price at which equity shares were acquired by the following category of Shareholders in the one year preceding the date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of the shareholder	Number of equity shares acquired in the one year preceding the date of this Draft Red Herring Prospectus	Weighted average price per equity share (in ₹)
<b>Promoter and Selling Shareholder</b>			
1.	CTIPL	1,206,138	431.22
<b>Promoter Group</b>			
1.	NA	NA	NA
<b>Other Selling Shareholders with special rights</b>			
1.	NA	NA	NA

*\*As certified by Manian and Rao, Chartered Accountants, by way of their certificate dated December 24, 2021.*

**Weighted average price at which preference shares were acquired by the following category of Shareholders in the one year preceding the date of this Draft Red Herring Prospectus**

The weighted average price at which preference shares were acquired by the following category of Shareholders in the one year preceding the date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of the shareholder	Number of preference shares acquired in the one year preceding the date of this Draft Red Herring Prospectus	Weighted average price per preference share (in ₹)
<b>Promoter and Selling Shareholder</b>			
1	NA	NA	
<b>Promoter Group (other than Promoter)</b>			
1.	NA	NA	
<b>Other Shareholders with special rights</b>			
1.	NA	NA	

*\*As certified by Manian and Rao, Chartered Accountants, by way of their certificate dated December 24, 2021.*

**Weighted average price at which equity shares were acquired by the following category of Shareholders in the three years preceding the date of this Draft Red Herring Prospectus**

The weighted average price at which equity shares were acquired by the following category of Shareholders in the three years preceding the date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of the shareholder	Number of equity shares acquired in the three years preceding the date of the Draft Red Herring Prospectus	Weighted average price per equity share (in ₹)
<b>Promoter and Selling Shareholder</b>			
1.	CTIPL	1,206,138	431.22
<b>Promoter Group (other than Promoter)</b>			
1.	NA	NA	
<b>Other Shareholders with special rights</b>			
1.	NA	NA	

*\*As certified by Manian and Rao, Chartered Accountants, by way of their certificate dated December 24, 2021.*

**Weighted average price at which preference shares were acquired by the following category of Shareholders in the three years preceding the date of this Draft Red Herring Prospectus**

The weighted average price at which preference shares were acquired by the following category of Shareholders in the three years preceding the date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of Promoters, Selling Shareholder and Other Shareholders of the Company	Number of preference shares acquired in the three years preceding the date of the Draft Red Herring Prospectus	Weighted average price per preference share (in ₹)
<b>Promoter and Selling Shareholder</b>			
1.	NA	NA	



Sr. No.	Name of Promoters, Selling Shareholder and Other Shareholders of the Company	Number of preference shares acquired in the three years preceding the date of the Draft Red Herring Prospectus	Weighted average price per preference share (in ₹)
<i>Promoter Group other than Promoter</i>			
1.		NA	
<i>Other Shareholders with special rights</i>			
1.		NA	

\*As certified by Manian and Rao, Chartered Accountants, by way of their certificate dated December 24, 2021.

### Average cost of acquisition of Equity Shares by our Promoter Selling Shareholder

The average cost of acquisition per Equity Share by our Promoter Selling Shareholder as on the date of this Draft Red Herring Prospectus is:

Name	No. of equity shares held <sup>(1)</sup>	Average cost of acquisition per equity share (in ₹) <sup>(1)</sup>
CTIPL	49,040,407*	30.45

<sup>(1)</sup> As certified by Manian and Rao, Chartered Accountants by way of their certificate dated December 24, 2021

\* Includes 20 Equity Shares held by Mr. Sridhar Bollam for which the beneficial interest is held by CTIPL

### Details of Pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider a further issue of Equity Shares, including by way of a private placement to any other person, aggregating up to ₹ 400.00 million, at its discretion, prior to the filing of the Red Herring Prospectus with the RoC (“**Pre-IPO Placement**”). If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO placement, subject to the Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.

### Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year immediately preceding the date of this Draft Red Herring Prospectus.

### Split or consolidation of Equity Shares in the last one year

Except as disclosed below, our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus:

The sub-division of face value of the equity shares of our Company from ₹ 10 to ₹ 2 pursuant to the approval of our Board by way of its resolution dated November 16, 2021 and our Shareholders by way of its resolution dated November 17, 2021 pursuant to which 11,000,000 equity shares of ₹ 10 each and 100,000 preference shares of ₹ 10 each were sub-divided as 55,000,000 Equity Shares of ₹ 2 each and 100,000 preference shares of ₹ 10 each as on the record date i.e., November 26, 2021, our Company has not undertaken any split or consolidation of Equity Shares in one year preceding the date of this Draft Red Herring Prospectus. For details, see “**Capital Structure – Share capital history of our Company**” and “**History and Certain Corporate Matters – Amendments to our Memorandum of Association**” on pages 88 and 214.

## SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industry in which we currently operate or propose to operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 174, 140, 647 and 247, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved. Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. To the extent that the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section.*

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2019, 2020 and 2021 and the three months’ period ended June 30, 2021, included herein is derived from the Restated Summary Statements included in this Draft Red Herring Prospectus. Further, reference to “India Operations” refers to the business of our Company in the relevant periods. Certain information included herein is based on our Proforma Financial Information, the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information and Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information. For further information, see “Certain Conventions, Use of Financial Information, Industry and Market Data and Currency of Presentation – Financial Data” on page 13.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Customer Engagement Software Market Overview – Market Analysis, Compete Benchmarking” dated December 23, 2021 (the “Zinnov Report”), exclusively prepared and issued by Zinnov who were appointed pursuant to a statement of work dated August 25, 2021, and exclusively commissioned by and paid for by our Company in connection with the Offer. A copy of the Zinnov Report shall be available on the website of our Company at [www.capillarytech.com/investors/](http://www.capillarytech.com/investors/) from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the Zinnov Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see “Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid for by our Company for such purpose.” on page 56. Also see, “Certain Conventions, Use of Financial Information, Industry and Market Data and Currency of Presentation – Industry and Market Data” on page 13.*

### Internal Risk Factors

- 1. We may be unable to attract new customers in a cost-effective manner which may adversely affect our business, cash flows, results of operations and financial condition.***

In order to grow our business, we must continue to attract new customers in a cost-effective manner and enable such customers to realise the benefits associated with our platform, products and solutions, so that we get sufficient opportunity to further enhance these relationships. Even if we do attract new customers, the cost of their acquisition or ongoing customer support may prove so high as to prevent us from achieving or sustaining profitability, particularly where we are taking on small engagements with the prospect of subsequently expanding our contract scope with them. In Fiscals 2019, 2020 and 2021 and the three months’ ended June 30, 2021, as per our Restated Summary Statements, total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively. In Fiscal 2019, 2020 and 2021 and the three months’ period

ended June 30, 2021, customer acquisition cost basis our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information was ₹ 907.53 million, ₹ 743.44 million, ₹ 363.54 million and ₹ 120.05 million, respectively, and amounted to 43.77%, 33.09%, 18.59% and 24.05% of our revenue from operations, respectively, in such periods. We may not be able to attract new customers for a variety of reasons, including as a result of their use of traditional approaches to customer relationship management, requirement to introduce loyalty programmes, internal timing or budget or the pricing of our products and solutions compared to products and services offered by our competitors. After a customer makes a decision to purchase or subscribe to our products, we also typically help them implement our platform and products within their organisation, including providing training and addressing their technological needs, and these processes in certain cases may involve a significant period of time. See also, “ – *If we fail to develop and innovate our platform, products and solutions, our business, financial performance and prospects may be materially and adversely affected.*” on page 31.

**2. *If the prices we charge for our solutions and services are unacceptable to our customers, our business, results of operations, financial condition and cash flows will be adversely affected.***

As the market for our solutions matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure on account of pricing becoming unacceptable to our customers and accordingly, we may be unable to renew our agreements with existing customers or attract new customers based on our current pricing model. For instance, in Fiscal 2021 we were required by a customer to change our billing model from a subscription basis to a percentage of sales made to such customer. We cannot assure you that, in future we will not be required to change our pricing model or reduce our prices, which could adversely affect our revenue, gross margin and operating results. Pricing decisions may also impact the mix of adoption among our subscription models, and negatively impact our overall revenue. Moreover, large enterprises, that account for a large portion of our business, may, in future demand price concessions. If we are, for any reason, required to reduce our prices, our revenue from operations, profitability, financial position and cash flow may be adversely affected.

We may also be required to otherwise change our pricing model from time to time, including as a result of competition, global economic conditions, general reductions in our customers’ spending levels, pricing studies, or changes in how our products are broadly consumed. Similarly, as we introduce new products and services, or as a result of the evolution of our existing products and services, we may have difficulty determining the appropriate price structure for our products and services. Moreover, as we continue to target selling our products and services to larger organisations, these larger organisations may demand substantial price concessions. If we are unable to modify or develop pricing models and strategies that are attractive to existing and prospective customers, while enabling us to significantly grow our sales and revenue relative to our associated costs and expenses in a reasonable period of time, our business, cash flows, financial condition, and results of operations may be adversely impacted.

**3. *We generate a significant portion of our revenues from a limited number of customers, and any loss or reduction of business from these customers could reduce our revenues and materially adversely affect our business, results of operations, financial condition, and cash flows.***

We have derived and believe that in the foreseeable future will continue to derive, a significant portion of our revenues from a limited number of customers which may not be the same every year. In Fiscal 2019, 2020 and 2021, and in the three months’ period ended June 30, 2021, total revenue from operations based on Restated Summary Statements were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively. For our India Operations, in Fiscal 2019, 2020 and 2021, and in the three months’ period ended June 30, 2021, revenue from our top five customers represented 34.91%, 40.22%, 44.04% and 54.38% respectively, of our total revenue from operations with customers excluding service income from group companies and other operating revenues in such periods. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, revenue from operations from our top five customers represented 29.64%, 27.83%, 25.01% and 30.66% respectively, of our total revenue from operations excluding other operating revenues in these periods. Our ability to maintain close relationships with these customers is essential to the growth and profitability of our business. Also see, “ – *If our customers terminate contracts with us before completion, negotiate adverse terms of the contract or choose not to renew contracts, it could materially adversely affect our business, financial condition, cash flows and results of operations.* ” on page 29. A major customer in one year may not provide the same level of revenues for us in any subsequent year. The services and solutions we provide to our customers, and the revenues generated from those services, may decline or vary as per the varying needs of our customers.

In addition, a number of factors other than our performance could cause the loss of or reduction in business or revenues from a customer, and these factors are not predictable. For example, a customer may decide to reduce

spending on technology services or sourcing from us due to a challenging economic environment or other factors, both internal and external, or relating to its business, may be involved in a litigation or may wind up. Further, factors which are not in our or our customers' control such as the socio-political situation in a particular country or the outbreak of a contagious disease may also impact our business adversely. These factors, among others, may include customers pursuing a corporate restructuring, facing pricing pressure, changing outsourcing strategy, switching to other providers or move such work in-house. The loss of any of our major customer, or a significant decrease in the volume of services we provide or the price at which we sell our services to them could materially adversely affect our business, results of operations, financial condition, and cash flows. For further information, see “ – *Our business and operations have been adversely impacted by the COVID-19 pandemic and the future impact on our business, operations and financial performance is uncertain and could continue for an unknown period of time.*” on page 32.

**4. *If our customers terminate contracts with us before completion of the term, negotiate adverse terms of the contract or choose not to renew contracts, it could materially and adversely affect our business, financial condition, cash flows and results of operations.***

The agreements we enter into with our customers are typically renewed on an annual basis or in some cases are for a period of two to three years. Therefore, we must seek to obtain new engagements when our current engagements are successfully completed or are terminated as well as maintain relationships with existing customers and secure new customers to expand our business. Our customers typically are not obligated to renew, upgrade, or expand their contractually agreed terms with us.

Several factors other than our performance could cause the loss of or reduction in revenues from customers. Even if we successfully deliver on contracted services and maintain close relationships with our customers, a number of factors outside of our control could cause the loss of or reduction in business or revenue from our existing customers. These factors include, among other things:

- the business or financial condition of customers or the economy generally;
- a change in strategic priorities by that customer, resulting in a reduced level of spending on technology services;
- changes in the personnel at our customers who are responsible for procurement of information technology, or IT, services or with whom we primarily interact;
- a demand for price reductions by customers;
- timings and success of our integration, capabilities, and enhancement of our products and solutions, or by our competitors to their products, or any other changes in the landscape of our market;
- ability to achieve continued acceptance and use of our products and solutions;
- security breaches, technical difficulties, or interruptions to our products and solutions;
- mergers, acquisitions or significant corporate restructurings involving a customer; and
- a decision by a customer to switch services to in-house teams or to one or several of our competitors.

The loss or diminution in business from any of our repeat customers could have a material adverse effect on our revenue from contracts with customers and results of operations. We may not be able to renew our contracts on favourable terms or at all, or to replace any customer that elects to terminate or not renew its contract with us, which could materially and adversely affect our business, financial condition, cash flows and results of operations. Further, terminations or delays in engagements may make it difficult to plan our project resource requirement.

**5. *Our revenues are dependent on a limited number of industry verticals, and any decrease in demand for services in these industry verticals could reduce our revenues and materially adversely affect our business, results of operations, financial condition, and cash flows.***

A substantial portion of our customers are concentrated in the apparel, other retail, food and beverage, travel and automobile, and conglomerate verticals. Our business is therefore largely dependent on the demand for our services from customers in these industries. For example, a downturn in the apparel and other retail sector, a slowdown or reversal of the trend to outsource CRM or loyalty management services or the introduction of

regulations that restrict companies from engaging external vendors could result in a decrease in the demand for our services and adversely affect our business, results of operations, financial condition, and cash flows. External risks such as global pandemics could also adversely affect the industry verticals that we operate in. For example, we extended increased discounts to certain of our customers on account of the COVID-19 pandemic. Further, our customers may experience rapid changes in their prospects, substantial price competition and pressure on their financial condition and results of operations. This, in turn, may result in increasing pressure on us from customers in these key industries to provide additional discounts, which could adversely affect our business, results of operations, financial condition, and cash flows.

**6. *If we are not successful in executing our strategy to increase sales of our offerings to new and existing large enterprise customers, our operating results may suffer.***

Our results of operations depend in part on sales to large enterprise customers, which we define as customers that typically contribute ₹ 3.50 million and above in terms of revenues from contracts with customers in any fiscal year and ₹ 0.80 million and above for three months' period. These customers also generally have multiple requirements for enhancing the consumer experience. In Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, as per Restated Summary Statements, total revenue from operations was ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively. In Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, for our India Operations, revenue from operations excluding service income from group companies and other operating revenues from our large enterprise customers represented 81.97%, 86.67%, 84.69% and 94.51%, respectively, revenue from operations excluding service income from group companies and other operating revenues in such periods, while based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, revenues from operations excluding other operating revenues from our large enterprise customers represented 90.28%, 91.96%, 92.08% and 97.28% of our revenue from revenues from operations excluding other operating revenues in such periods. Our growth strategy is therefore dependent, in part, upon increasing sales of our offerings to new and existing large enterprise customers. Sales to these customers involve risks that may not be present, or that are present to a lesser extent, with sales to smaller entities. For instance, we are venturing into new verticals which require us to set lower prices to attract new customers and make investments that we may not be able to recoup in the future. Our transaction volumes with such customers generally start out lower and if such businesses do not grow, if we are unable to set our prices higher and if we are unable to increase our transaction volumes with such customers, we may not be able to recoup the costs of our growth strategy, which would adversely impact our business, results of operation, and financial condition.

Certain of these risks include:

- competition from other companies offering solutions that traditionally target large enterprise customers, service providers, and government entities and that may have pre-existing relationships or purchase commitments from such customers;
- increased purchasing power and leverage held by large enterprise customers in negotiating contractual arrangements with us;
- more stringent requirements in our worldwide support contracts, including stricter support response times and penalties for any failure to meet support requirements; and
- longer sales cycles, particularly during periods of economic slowdown which result in increased sales cycle and the associated risk that substantial time and resources may be spent on a potential customer that elects not to purchase our offerings.

In addition, purchases by large enterprise customers are frequently subject to budget constraints, multiple approvals, and unplanned administrative, processing, and other delays. Finally, large enterprise customers typically have longer implementation cycles, require greater product functionality and scalability and a broader range of services, demand that vendors take on a larger share of risks, sometimes require acceptance provisions that can lead to a delay in revenue recognition, and expect greater payment flexibility from vendors. All of these factors may add further risk to the business conducted with these customers and a loss of large enterprise customers or failure to increase our large enterprise customers, our business, operating results, cash flows, and financial condition could be materially and adversely affected.

**7. *We are subject to certain obligations under our master service agreements with our customers, and a failure to comply with the technical specifications prescribed under such agreements may lead to loss***

***of business from such customers, invocation of our warranty claims and indemnity obligations, and could negatively impact our reputation, business prospects, cash flows and results of operations.***

Our services and solutions are typically subject to stringent scheduling requirements, extensive technical specifications and other obligations, including in relation to data security, as specified by our customers in their respective master service agreements with us. Some of our contracts with our customers also involve exclusivity arrangements including with respect to proprietary rights for use of software and intellectual property or unique pricing terms, compliance of which could impact our business, cash flows, prospects, results of operations, and financial condition. Further, for any variations in such specifications or our obligations, we are typically required to discuss with and / or obtain prior consent from our customers and as mutually agreed between the parties to the respective contracts. Our agreements also require us to indemnify our customers for losses arising out of, among other things, non-performance or breach of our obligations, infringement of intellectual property rights and negligence. Typically, the liability of our Company extends to six to twelve months of the subscription amounts mentioned in such contracts. In certain contracts, the liability could even extend beyond the contract value especially in cases of security and/or data leakage, breach of confidentiality arising due to wilful misconduct, gross negligence or fraud by the Company, or breach of intellectual property rights, customer claims of certain nature such as reputation loss, claims on account of breach of applicable laws, which are in the nature of consequential losses or indirect losses. We are also required under certain agreements to pay liquidated damages in the event of non-compliances. There have been instances in the past where we have not been able to comply with certain specifications or have been unable to comply with our obligations under such agreements. However, such instances have not had any material impact on our operations. Further, our Subsidiary, CPL indemnifies our Promoter CTIPL in relation to an arbitration proceeding initiated by CTIPL pursuant to the Business Transfer. The arbitration seeks damages for breach of contract amounting to ₹ 40.25 million from one of our customers, wherein the customer has filed a counterclaim, which is pending before the Singapore International Arbitration Centre. For further information, see “***Outstanding Litigation and Other Material Developments***” on page 702. While there have not been any material losses to our operations, any such failure on our part in the future may lead to termination of the agreement, loss of business with our customers, loss of reputation and loss of goodwill.

**8. *If we fail to develop and innovate our platform, products and solutions, our business, financial performance and prospects may be materially and adversely affected.***

The attractiveness of our platform, products and solutions depends on our ability to innovate. To remain competitive, we must continue to develop and expand our product and service offerings. We must also continue to enhance and improve our data analytical capabilities, platform interface and technology infrastructure. We have in recent times dedicated a considerable amount of our research and development expenditure on predictive AI-based technologies, which may not deliver the desired results. As per our Restated Summary Statements, in Fiscal 2019, 2020 and 2021 and in three months’ period ended June 30, 2021, our total expenses were ₹ 1,866.14 million, ₹ 1,673.93 million, ₹ 1,062.17 million and ₹ 311.72 million, respectively. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our technology development and maintenance cost represented 14.43%, 15.43%, 15.64% and 16.10%, respectively, of our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information expenses in Fiscal 2019, 2020 and 2021 and the three months’ period ended June 30, 2021. These efforts may require us to develop internally, or to obtain licence for, increasingly complex technologies. In addition, new products and services and technologies developed and introduced by competitors could render our products and services obsolete if we fail to upgrade existing products, services and technologies. For instance, we are in the process of phasing out our product, *Intouch* on account of introduction of newer API-based technology in the point of sale systems.

Developing and integrating new products, services and technologies into our existing platform and infrastructure may be expensive and time-consuming. Furthermore, any new features and functions may contain undetected errors and may not achieve market acceptance at introduction. We may experience delays while developing and introducing new products and services for a variety of reasons, some of which may be beyond our control, such as difficulties in developing models, acquiring data and adapting to particular operating environments. We may not succeed in incorporating new technologies or may incur substantial expenses in order to do so. If we fail to develop, introduce, acquire or incorporate new features, functions or technologies timely and effectively, our products and services may lose appeal, be rejected or experience delayed acceptance by the market. Consequently, our business, financial performance and prospects could be materially and adversely affected.

**9. *Our business and operations have been adversely impacted by the COVID-19 pandemic and the future impact on our business, operations and financial performance is uncertain and could continue for an unknown period of time.***

The outbreak of the COVID-19 pandemic, its continuing impact and recent developments, as well as government measures to reduce the spread of COVID-19, have had a substantial impact on the business of our customers and consequently it impacted our business and operations since early 2020. In response to the pandemic, governments around the world have implemented measures such as travel restrictions, quarantines, shelter-in-place orders, border closures and other measures that have had, and will continue to have, a significant negative impact on the travel and hospitality sector.

Such travel bans, and quarantine measures have significantly and adversely affected the retail, food and beverage, consumer durables and oil and gas industries. The COVID-19 pandemic has significantly affected consumer shopping patterns and caused the overall health of the global economy to deteriorate. COVID-19 has proven to be an incredible challenge for the retail industry and in 2020, the retail sales declined by 6% compared to 2019. (Source: Zinnov Report)

Moreover, the conditions caused by COVID-19 initially affected customers IT spending and may in the future adversely affect our customers' ability or willingness to purchase our SaaS solutions. These may in the future delay prospective customers' purchasing decisions and reduced and may in the future reduce the value or duration of our customers' subscription contracts, and affect attrition rates, all of which could adversely affect our future sales and operating results. For instance, customers do not typically enter into long-term contracts, and execute shorter term contracts that do not include lock-in provisions. Additionally, a significant number of our contracts are contingent on our customers' businesses which may also be affected significantly by COVID-19. While our business model has been resilient despite the COVID-19 pandemic on account of our diversified portfolio across different geographies and verticals, including those in the essential services category who were permitted to continue operations during government lockdowns or restrictions, many of our customers still faced the impact of COVID-19 due to lockdowns and serious health crises in our main markets of South East Asia and India. Further, we extended discounts to certain of our customers, which lowered usage-based revenues on our platform during Fiscal 2021 and in the three months' period ended June 30, 2021.

As a result of the COVID-19 pandemic, based on the Restated Summary Statements of our Company, our revenue from operations decreased by 30.83% from ₹ 1661.23 million in Fiscal 2020 to ₹ 1149.03 million in Fiscal 2021, while based on our Proforma Financial Information, our revenue from operations contracted by 12.97% from ₹ 2,246.94 million in Fiscal 2020 to ₹ 1,955.52 million in Fiscal 2021. Further, based on Restated Summary Statements of our Company, our trade receivables increased from ₹ 397.38 million in Fiscal 2020 to ₹ 519.10 million in Fiscal 2021. Based on our Proforma Financial Information, our trade receivables decreased from ₹ 620.68 million in Fiscal 2020 to ₹ 542.68 million in Fiscal 2021, and trade receivable turnover days increased from 97 days in Fiscal 2020 to 109 days in Fiscal 2021, primarily due to the temporary disruptions in certain of our customers' business operations caused by the COVID-19 outbreak. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, we also witnessed a decline in our Net Retention Rate from 102.00% in Fiscal 2020 to 76.21% in Fiscal 2021.

This global work-from-home operating environment has caused strain for, and has adversely impacted productivity of, certain employees, and these conditions may persist and harm our business, including our future sales and operating results. As long as the pandemic continues, our employees may be exposed to health risks. Our efforts to re-open our offices safely may not be successful; could expose our employees, customers and partners to health risks and us to associated liability; and will involve additional financial burdens. The COVID-19 pandemic may have long-term effects on the nature of the office environment and remote working. This may present risks and may present operational and workplace challenges that may adversely affect our business. Resurgence of the virus or a variant of the virus may cause significant economic disruption in India and the rest of the world. These measures have impacted and may have a further impact on our workforce and operations in India and overseas jurisdictions in which we operate and the business of our customers.

Our Company has considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, our Company considered internal and external sources of information. Our Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis to determine the impact of COVID-19 on our operations and we will continue to monitor these aspects and take actions as appropriate based on future economic conditions.

The full extent of the impact of the COVID-19 pandemic on our business, financial position, and results of operations may not be known for an extended period and will depend on future developments, many of which are outside of our control, including the duration and spread of the COVID-19 pandemic, the availability and effectiveness of the COVID-19 vaccines, and related actions taken by state, local, and international governments,

which are uncertain and cannot be predicted. If the COVID-19 pandemic continues without improvement or worsens, its impacts could be more prolonged and may become more severe. The fluidity of this situation limits our ability to predict the ultimate impact of COVID-19 on our business, financial condition, and financial performance, which could be material. If the COVID-19 pandemic has a substantial impact on our employees', partners' or customers' business and productivity, our results of operations and overall financial performance may be harmed. The global macroeconomic effects of the COVID-19 pandemic and related impacts on our customers' business operations and their demand for our products and services may persist for an indefinite period, even after the COVID-19 pandemic has subsided. Further, our Statutory Auditors have included a matter of emphasis on the management's assessments on the impact of COVID-19 on the operations, financial performance and position of the Company for the years ended March 31, 2020 and March 31, 2021 and for the three months' period ended June 30, 2021, in their reports on the audited financial statements for Fiscal 2020 and 2021 and for the three months' period ended June 30, 2021, respectively. See also, "***- Our Statutory Auditor has included certain matters of emphasis in their auditors report on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021 and on our audited financial statements as at and for the three months period ended June 30, 2021 and certain modifications in the annexure to their auditors report under Companies (Auditors Report) Order 2016 on our audited financial statements as at and for the year ended March 31, 2019 2020 and 2021. Our Statutory Auditor has also included certain emphasis of matters in the Proforma Financial Information.***" on page 57.

10. ***If we fail to integrate or manage investments and acquisitions carried out in other companies or businesses efficiently, we may not be able to realize the benefits envisioned for such investments, and our overall profitability and growth plans could be materially and adversely affected.***

In the past, we and our Promoter have made selective investments and acquisitions with the objective of expanding our service capabilities and gaining access to new customers. Such investee entities include our Promoter's acquisition of Reasoning Global Eapplications Private Limited and its product Martjack (rebranded as *Anywhere Commerce+* by our Company), and our acquisition of Persuade Group through our Subsidiary, CPL. For further information of such investments and acquisitions, see "***History and Certain Corporate Matters – Major events and milestones***" and "***Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years***" on pages 215 and 217, respectively. Subsequent to our Promoter's acquisition of Reasoning Global Eapplications Private Limited, we have spent significant time and resources to integrate Reasoning Global Eapplications Private Limited's product Martjack into our service offerings and rebranded as *Anywhere Commerce+*. In addition, certain investments made by our Promoter have been fully impaired. For example, our Promoter's investment in Exclusife Inc., Innotarget Fashalot Retail Private Limited, Sellerworx Online Services Private Limited and Reasoning Global Eapplications Private Limited were impaired in full on fair value analyses.

In the future, we may invest in additional businesses or acquire services/ businesses from entities, that we believe could complement or expand our business. Pursuant to the Fresh Issue, we proposed to utilise, ₹ 300 million on strategic investments and acquisitions. For details, see "***Objects of the Offer –Details of the Objects – Funding strategic investments and acquisitions***" on page 105. However, integrating the operations of these businesses successfully or otherwise realizing any of the anticipated benefits of such investments, including anticipated cost savings and additional revenue opportunities, involves a number of potential challenges. These activities may be time-consuming, and we may encounter unexpected difficulties or incur unexpected costs, including: our inability to achieve the operating synergies anticipated; diversion of management attention from on-going business concerns to integration matters; unforeseen or undisclosed liabilities and integration costs; incurring liabilities from such businesses for infringement of intellectual property rights or other claims for which we may not be successful in seeking indemnification; failing to realize the potential cost savings or other financial benefits and/or the strategic benefits of the investment; and entry into unfamiliar markets.

Target businesses may have liabilities or adverse operating issues that we may have failed to discover through due diligence prior to the investment. In particular, to the extent that prior owners of any businesses or properties failed to comply with or otherwise violated applicable laws or regulations, or failed to fulfil their contractual obligations to customers, we, as the successor, may be financially responsible for these violations and failures and may suffer financial or reputational harm or otherwise be adversely affected. As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of what we anticipate. The failure to successfully integrate the operations or otherwise to realize any of the anticipated benefits of the investment/ acquisition could have an adverse effect on our business, results of operations, financial condition and cash flows.



**11. *The Proforma Financial Information included in this Draft Red Herring Prospectus is not indicative of our future financial condition or results of operations.***

Prior to November 2021, our Company operated only the India business of the Capillary Group, while our Promoter, CTIPL operated the international business of the Capillary Group through several wholly owned subsidiaries across various jurisdictions. Prior to the filing of the Draft Red Herring Prospectus, we undertook a reorganisation of the Capillary Group (the “**Reorganisation**”), pursuant to which our Company through its Material Subsidiary, CPL, (i) acquired the majority of the business and business assets of our Promoter, CTIPL pursuant to the Business Transfer with effect from November 1, 2021, and (ii) also acquired all of the shareholding of Capillary Dubai, Capillary Indonesia, and Capillary Shanghai, and held by our Promoter, CTIPL with effect from November 30, 2021 and all shareholding of Capillary Malaysia held by our Promoter with effect from November 22, 2021, pursuant to multiple gift deeds. On the completion of such Reorganisation, our Company directly operates the India business as well as the international business through its Material Subsidiary, CPL, and its other Subsidiaries. The Restated Summary Statements of our Company for Fiscals 2019, 2020 and 2021 and for the three months’ period ended June 30, 2021, therefore, reflects only the India business and not the international business operations of the Capillary Group prior to such Reorganisation. In addition, with effect from September 1, 2021, our Company, through its Material Subsidiary, CPL, acquired the entire shareholding of Persuade Group (the “**Persuade Acquisition**”). For further information on the Reorganisation and the Persuade Acquisition, see “*History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years*” on page 217. Under the Business Transfer, CPL assumes liabilities in relation to the business of CTIPL arising both before as well as after November 1, 2021. In addition, CPL indemnifies CTIPL for any tax arising out of the transfer of the business.

The proforma balance sheet of the Capillary India Group’s financial position as at March 31, 2019, 2020 and 2021 and as at June 30, 2021 gives effect to the Group Acquisitions as if the aforesaid acquisitions had been consummated on the respective reporting dates. The proforma statement of profit and loss of the Capillary India Group’s financial performance for the years ended March 31, 2019, 2020 and 2021 and for the three months’ period ended June 30, 2021, gives effect to the Group Acquisitions as if the aforesaid acquisitions had consummated on the first day of the respective reporting years / period. The proforma impact of the acquisitions is reflected in the Proforma Financial Information for Fiscal 2019, 2020 and 2021 and the three months’ period ended June 30, 2021, and reflects proforma adjustments to make (i) accounting policies of financial information of our Promoter, CTIPL and Persuade consistent with that of our Company, and (ii) other directly attributable adjustments relating to the Reorganisation and Persuade Acquisition. The Proforma Financial Information for the Reorganisation and the Persuade Acquisition comprises the proforma balance sheet as at March 31, 2019, 2020 and 2021 and as at June 30, 2021, and the proforma statement of profit and loss for the years ended March 31, 2019, 2020 and 2021 and the three months’ period ended June 30, 2021, read with the notes to the Proforma Financial Information. For further information relating to applicable proforma adjustments, see “**Proforma Financial Information**” on page 302. Our Statutory Auditors have issued a report in accordance with SAE 3420 on the Proforma Financial Information. The adjustments are as set out under “**Proforma Adjustments**” therein, and include adjustments to make (i) accounting policies of financial information of our Promoter, CTIPL and Persuade Group consistent with that of our Company, and (ii) other directly attributable adjustments to the said acquisitions.

Further, in the Proforma Financial Information, the goodwill and other acquisition related adjustments computed in case of acquisition of the Persuade Group are based on purchase price allocation (“**PPA**”) available with us as at September 1, 2021 assessed on a provisional basis. The final PPA will be determined when we have completed detailed valuations and necessary calculations. The final allocation could differ materially from the provisional allocation used in proforma adjustments. The final allocation may include (i) changes in allocations to specified intangible assets as well as goodwill and (ii) other changes to assets and liabilities.

The Proforma Financial Information has been prepared for illustrative purposes only and illustrates the impact of Reorganisation and Persuade Acquisition as stated above. The Proforma Financial Information addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in the Proforma Financial Information are based upon available information and assumptions that our management believes to be reasonable. As the Proforma Financial Information is prepared for illustrative purposes only, it is, by its nature, subject to change and may not give an accurate picture of the actual financial results that would have occurred had such transactions by us been effected on the dates they are assumed to have been effected, and is not intended to be indicative of our future financial performance. The Proforma Financial Information has not been prepared in accordance with generally accepted accounting principles including

accounting standard and accordingly should not be relied upon as if it had been prepared in accordance with those principles and standards. Accordingly, the degree of reliance placed by anyone on such Proforma Financial Information should be limited. Further, the Proforma Financial Information has not been prepared in accordance with accounting or other standards and practices generally accepted in jurisdictions other than India, such as Regulation S-X under the U.S. Securities Act of 1933, as amended, and accordingly should not be relied upon as if they had been prepared in accordance with those standards and practices of any other jurisdiction. If the various assumptions underlying the preparation of the Proforma Financial Information do not come to pass, our actual results could be materially different from those indicated in the Proforma Financial Information. Accordingly, the Proforma Financial Information included in this Draft Red Herring Prospectus is not intended to be indicative of expected results or operations in the future periods or the future financial position of our Company or a substitute for our past results, and the degree of reliance placed by investors on our Proforma Financial Information should be limited. See also, “- ***Our Statutory Auditor has included certain matters of emphasis in their auditors report on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021 and on our audited financial statements as at and for the three months period ended June 30, 2021 and certain modifications in the annexure to their auditors report under Companies (Auditors Report) Order 2016 on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021. Our Statutory Auditor has also included certain emphasis of matters in the Proforma Financial Information.***” and “- ***We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies***” on pages 57 and 55, respectively.

**12. *Grants of stock options under our employee stock option plans may result in a charge to our profit and loss account and will, to that extent, reduce our profits or increase our losses.***

Our Company, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in its meeting dated October 29, 2021, adopted ESOP 2021. For further information, see “***Capital Structure***” on page 88. As on the date of this Draft Red Herring Prospectus, we have granted options under our ESOP 2021 and may in future grant further options or establish other employee stock option schemes or plans, under which eligible employees may participate, subject to the requisite approvals having been obtained. With the introduction of ESOP 2021, our Company has also made a one-time grant of stock options to certain employees with vesting over a 12-month period which will result in a substantial increase in our employee benefit expense in current and future periods.

Our Company follows the fair value method for the accounting of employee compensation cost on options granted, pursuant to which the fair value of options on the date of grant is recognized in our profit and loss statement equal to the product of the number of Equity Shares granted and the fair value as at the date of grant on a straight line basis over the graded vesting period of options, being four years from the date of grant of options.

Under Ind AS, based on share based payments expenses recognized under Ind AS the grant of stock options under ESOPs will result in a charge to our profit and loss account equal to the fair value of options as at the date of grant. The fair value of options will be amortized over the vesting period of these stock options. Pursuant to the one-time grant, we expect an increase in the charge to our profit and loss compared with that in Fiscal 2021 and the three months’ period ended June 30, 2021.

Further, we may continue to introduce similar employee stock option schemes in the future, where we issue options to our employees at substantial discount to the market price of Equity Shares, which may have an adverse impact on our results of operations and financial condition.

**13. *We are subject to various Indian and international laws and regulations regarding privacy and data security, and we or our customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure to comply with these laws and regulations could impose significant compliance burdens.***

In our processing of transactions, we receive and store a large volume of personally identifiable data. This data is increasingly subject to legislation and regulations in numerous jurisdictions around the world, such as the Indian Information Technology Act, 2000 (“**IT Act**”), as amended, which would subject us to civil and criminal liability including compensation to persons affected, penalties and imprisonment for various cyber related offences including from any negligence by us in implementing and maintaining reasonable security practices and

procedures with respect to sensitive personal data or information that we possess in our computer systems, networks, databases and software. The IT Act also imposes stringent punishment, including imprisonment in case a person (including an intermediary), while providing services as per a contract, accesses, reveals or discloses personal information about another individual in violation of the contract or without consent of such other individual, knowing it will cause wrongful loss or wrongful gain. India has also implemented privacy laws, including the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, which impose limitations and restrictions on the collection, use and disclosure of personal information. It also mandates body corporates to adopt a privacy policy, to obtain consent from data subjects for collecting or transferring their sensitive personal data or information and intimate them about recipients of such collected data, as a mechanism of establishing a robust security standard. Further, the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 requires intermediaries (respectively) receiving, storing, transmitting or providing any service with respect to electronic messages to not knowingly host, publish, transmit, select or modify any information prohibited under these IT Intermediary Rules and to disable hosting, publishing, transmission, selection or modification of such information once they become aware of it, as well as specifying the due diligence to be observed by intermediaries. The IT Intermediary Rules also make it mandatory for an intermediary to publish, the privacy policy, rules, and regulations on its website, and establish a grievance redressal mechanism. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet have recently come under increased public scrutiny around the world.

In the European Union, the General Data Protection Regulation, requires companies to implement and remain compliant with regulations regarding the handling of personal data, including its use, protection and the ability of persons whose data is stored to correct or delete such data about themselves. The EU has proposed the Regulation on Privacy and Electronic Communications, which, if adopted, would impose new obligations on the use of personal information in the context of electronic communications, particularly with respect to online tracking technologies and direct marketing. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, such as the Federal Trade Commission, and various state, local and foreign agencies. Our data handling also is subject to contractual obligations and industry standards. The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of data relating to individuals, including the use of contact information and other data for marketing, advertising and other communications with individuals and businesses. In the United States, various laws and regulations apply to the collection, processing, disclosure and security of certain types of data. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination and security of data.

Other countries in Asia, Europe and Latin America have passed or are considering similar privacy regulations, resulting in additional compliance burdens and uncertainty as to how some of these laws will be interpreted. Any liability we may incur for violation of such laws and regulations and related costs of compliance and other burdens may adversely affect our business and profitability. We could be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations or financial condition. Further, any new geographies we enter into could subject us to additional regulatory requirements and any failure to comply with such requirements could adversely impact our business and results of operations.

In September 2019, the Ministry of Electronics and Information Technology of the GOI formed a committee of experts (“**NPD Committee**”) to recommend a regulatory regime to govern non-personal data (“**NPD**”). The NPD Committee has released two reports which recommend, among other items, a framework to govern NPD (defined as any data other than personal data or the data without any personally identifiable information), access and sharing of NPD with the GoI and corporations alike who will undertake a ‘duty of care’ to the community to which the NPD pertains and a registration regime for “data businesses”, meaning businesses that collect, process or store data, both personal and non-personal. In December 2019, the Personal Data Protection Bill 2019 (“**PDP Bill**”) was tabled in the Indian Parliament by the Government of India and has currently been referred to a Joint Committee of Parliament (“the **JCP**”). The PDP Bill seeks to, among others, lay down norms for cross-border transfer of personal data, proposes a legal framework governing the processing of personal data, where such data has been collected, disclosed, shared or otherwise processed within India, as well as any processing of personal data by the GoI, Indian companies, Indian citizens or any person or body of persons incorporated or created under Indian law. The PDP Bill defines personal data and sensitive personal data, prescribes rules for collecting, storing and processing of such data and creates rights and obligations of data-subjects and processors, establish a data protection authority and ensure the accountability of entities processing personal data. The JCP has, in its report, suggested that provisions relating to regulation of non-personal data also be covered within the ambit of the bill and the bill be renamed as the Data Protection Bill, 2019 (“**Data Protection Bill**”). The Parliament has begun its

consideration of these recommendations, and the legislation is yet to take effect. If these or similar legislation are enacted, we may incur additional compliance costs, it may affect us in ways that we are currently unable to predict and our business, results of operation and financial condition may be adversely affected.

Any failure, or perceived failure, by us to comply with our privacy policies or any applicable regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business. As we expand our operations, we may be subject to additional laws in other jurisdictions where our users and business partners of our platform are located. The laws, rules and regulations of other jurisdictions may impose on us more stringent or conflicting requirements with harsh penalties for non-compliance than those in India, and the compliance with such requirements could require significant resources and result in substantial costs, which may materially and adversely affect our business, financial condition, results of operations and prospects.

**14. *We have a history of net losses and we anticipate increased expenses in our future. Any loss in future periods could adversely affect our operations and financial conditions and the trading price of our Equity Shares.***

Based on Restated Summary Statements of our Company in Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, we had restated loss for the year of ₹ 116.68 million, restated profit for the year ₹ 2.06 million, restated profit for the year of ₹ 169.40 million and restated profit for the period of ₹ 25.28 million, respectively, while based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, losses for the year/ period were ₹ 1,310.36 million, ₹ 1,104.33 million, ₹ 430.50 million and ₹ 233.56 million, respectively. This was primarily on account of a combination of various investments we have made in our business and operations, a change in our strategy to focus on large enterprise customers and the impact of COVID-19 to the retail industry in general and in particular on our operations. We expect our costs to increase over time and our losses may recur given the investments expected towards growing our business. These efforts may be costlier than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from maintaining or increasing profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, cash flows, financial condition and results of operations could be adversely affected along with an impact on the trading price of our Equity Shares. If we are unable to generate adequate revenue growth and manage our expenses and cash flows, we may incur significant losses in the future.

**15. *We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule, enforcement of security and suspension of further drawdowns, which may adversely affect our business, results of operations, financial condition and cash flows.***

Some of the financing arrangements entered into by us include conditions that require our Company to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of the corporate actions that require prior consents from certain lenders include, amongst others, changes to the (a) changes to the shareholding pattern of our Company, (b) declaration of payment of dividend, and (c) changes to the Board of Directors or Key Managerial Personnel of our Company. While we have received consents from lenders as required for the purposes of this Offer, except consent in relation to the loan availed by Persuade Loyalty, a failure to comply with such covenants in the future may restrict or delay certain actions or initiatives that we may propose to take from time to time. As on March 31, 2021 and as of June 30, 2021 our Company had defaulted in payment of interest on its overdraft facility of ₹ 0.61 million and ₹ 0.86 million availed from RBL Bank Limited, respectively. While these amounts were subsequently repaid, there can be no assurance that we will not default in future. Further, as part of a loan availed by our Promoter, CTIPL, from Innoven Capital Singapore Pte. Ltd., 100% of the shares of Persuade Loyalty owned by our Promoter have been pledged in favour of the lender.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents/ waivers may lead to acceleration of amounts due under such facilities and triggering of cross default provisions. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash

for our working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing.

In addition, for borrowings availed by our Company or our Promoter, CTIPL, our Subsidiaries have issued certain corporate guarantees. Any default by our Company or our Promoter, CTIPL, on such loans could result in the corporate guarantees issued by our Subsidiaries being invoked which could have a material and adverse impact on our financial condition, results of operation and cash flows.

**16. *Real or perceived defects or errors on our platform and products or failure to comply with standards required by our customers under our master service agreements with our customers could harm our reputation, result in product liability claims and significant costs to us, impair our ability to enter into future contracts in relation to our platform and products, and serve our existing customers.***

The software underlying our platform and services is complex and may contain or be perceived as containing design issues, defects or errors, that could be difficult to detect and correct, particularly when first introduced or when new features or capabilities are released. In addition, our platform, products and services depend on the ability of our software to store, retrieve, process and manage immense amounts of data. Any real or perceived defects, errors, failures, bugs or vulnerabilities could result in negative publicity, cybersecurity breaches and other data security, privacy, access, retention issues, performance issues and customer terminations and may impair our ability to enter into master service agreements with our customers for our platform, products and solutions in the future. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be discovered after code has been released for external or internal use. The costs incurred in correcting any defects in our platform and products may be substantial and could adversely affect our results of operations. For example, we may need to expend significant financial and development resources to analyse, correct, eliminate, or work around errors or defects or to address and eliminate vulnerabilities. Although we continually test our platform and products for defects and work with customers through our customer support organisation to identify and correct errors, we have sometimes identified defects or errors on our platform and products, and defects or errors are likely to occur again in the future. There have been instances where certain defects or errors have been identified post-release. For instance, there were instances of incorrect customer communication regarding loyalty points or vouchers held by the end-consumer of the customer which had resulted in a certain loss to the customer. Such instances expose us to financial liabilities and indemnity obligations to our customers. While we report these defects and errors on internal tickets and are resolved as part of our agile development programme, and have obtained an errors and omission insurance policy, there can be no assurance that we will not be liable penalties or liabilities in future. Further, under our master service agreements with our customers, we are required to indemnify our customers for liability arising from intellectual property infringement claims with respect to our software. These indemnification obligations could be significant and we may not have adequate insurance coverage to protect us against all claims. Any defects that cause interruptions to the availability of our platform and products or other performance issues could result in, among other things:

- lost revenue or delayed market acceptance and contracts in relation to our platform and products;
- early termination of customer agreements or loss of customers;
- credits or refunds to customers;
- product liability lawsuits and other claims against us;
- diversion of development resources;
- increased expenses associated with remedying any defect, including increased technical support costs;
- injury to our brand and reputation; and
- increased maintenance and warranty costs.

While our master service agreements with our customers typically contain limitations and disclaimers that purport to limit our liability for damages related to defects in our products, such limitations and disclaimers may not be enforced by a court or other tribunal or otherwise effectively protect us from such claims. The combination of our insurance coverage, cash flows and reserves may not be adequate to satisfy product liabilities we may incur in the future. Even meritless claims could subject us to adverse publicity, hinder us from securing insurance coverage in the future, require us to incur significant legal fees, decrease demand for the platform or any products that we

successfully develop, divert management's attention, and force us to limit or forgo further development and commercialisation of the platform and these products. Such defects or quality issues could therefore harm our reputation, result in significant costs to us, and materially affect our business, results of operations and financial condition.

**17. *The implementation process of our platform and solutions may in some cases be time consuming, and any failure of our products to satisfy our customers or perform as desired could harm our business, results of operations, cash flows and financial condition.***

Our platform, products and services are complex and may be deployed in a wide variety of network environments. Implementing our platform, products can be a complex and lengthy process. Inability to meet the requirements of our customers may result in customer dissatisfaction and/or damage to our reputation, which could materially harm our business. We have had instances of delays in the implementation of our software by our customers, leading to loss in revenue, particularly in cases where our revenues commence from the day where our customers' operations go live. Further, the proper use of our platform and products may require training of the customer and the initial or ongoing services of our technical personnel over the contract term, which trainings are conducted currently on an as needed basis. If our training and/or ongoing services require more of our expenditures than we originally estimated, our margins may be lower than we anticipate.

In addition, if our customers do not use our platform and products as intended, inadequate performance or outcomes may result. It is possible that our platform and products may also be intentionally misused or abused by customers or their employees or third parties who obtain access and use of our platform and products. There have previously been instances of fraud perpetrated by retail store cashiers using our platform. While this has not resulted in any financial liability on us, we may be subject to loss of reputation on account of such instances. As our customers rely on our platform and products and services to address important business goals and challenges, the incorrect or improper use or configuration of our platform and products, failure to properly train customers on how to efficiently and effectively use our platform and products, or failure to properly provide implementation or analytical or maintenance services to our customers may result in contract terminations or non-renewals, reduced customer payments, negative publicity, or legal claims against us.

Further, if customer personnel are not well-trained in the use of our platform and products, customers may defer the deployment of our platform, products and services, may deploy them in a more limited manner than originally anticipated, or may not deploy them at all. If there is substantial turnover of the Company or customer personnel responsible for procurement and use of our platform and products, our platform and products may go unused or be adopted less broadly, and our ability to make additional sales may be substantially limited, which could negatively impact our business, results of operations, cash flows and financial condition.

**18. *Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales and revenue are difficult to predict and may vary substantially from period to period.***

Our results of operations may fluctuate, in part, because of the resource intensive nature of our sales efforts, the length and variability of our sales cycle and the short-term difficulty in adjusting our operating expenses. The length of our sales cycle, from proof of concept to delivery of and payment for our products and solutions, is typically a few months and may extend for longer durations in certain circumstances. To the extent our competitors develop offerings that our prospective customers view as equivalent to ours, our average sales cycle may increase or the demand for our offerings may decline altogether. Based on Restated Summary Statements, revenue from operations in Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively. Our New ARR is dependent on multiple factors, and there is a lack of predictability in such increase of New ARR. For example, based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our New ARR was ₹ 461.96 million, ₹ 490.12 million, ₹ 453.28 million, and ₹ 170.71 million in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, respectively. As the length of time required to close a sale varies substantially from customer to customer, it is difficult to predict exactly when, or even if, we will make a sale with a potential customer. Further, a significant portion of our revenue is dependent on campaign revenues, which can be affected by ongoing marketing plans and changes in the budget allocation of our customers and lead to fluctuations in our revenue and results of operation. For further information, see “ - *We depend on revenues generated from our campaign services. Any adverse developments or failure to provide quality campaign services could have an adverse impact on our business, financial condition, cash flows and results of operations.*” on page 50. As a result of such fluctuations, our sales and results of operations may vary by quarter, and the sales and results of

operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or of our future performance.

**19. *We are exposed to credit risk from our customers and the recoverability of our trade receivables is subject to uncertainties.***

We typically allow a credit period of seven to 120 days to our customers who enter into contracts in relation to our platform and solutions, and are therefore exposed to credit risk from our customers. Based on our Proforma Financial Information, our trade receivables were ₹ 568.59 million, ₹ 620.68 million, ₹ 542.68 million and ₹ 556.16 million in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, respectively, and our trade receivable turnover days were 97, 109 and 99 day in Fiscal 2020, Fiscal 2021 and in the three months' period ended June 30, 2021. The increase in trade receivable days was primarily due to the temporary disruptions in certain of our customers' business operations caused by the COVID-19 outbreak. We expect our trade receivable turnover days to improve as our customers continue to resume normal operations. Based on Restated Summary Statements of our Company, in Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, our provision for doubtful trade receivables and advances (including bad debts written off) accounted for 1.33%, 2.62%, nil and 0.14% of our revenue from operations in such periods. Whereas as per our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, our provision for doubtful trade receivables and advances (including bad debts written-off) accounted for 2.29%, 5.29%, 0.07% and 1.73% of our revenue from operations in such periods.

Further, under Regulation 9 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 we are required to ensure that receivables from companies are received within nine months from the date of 'invoice'. In the event we are unable to collect receivables from such group companies, it could result in non-compliance with the aforesaid regulation, which could have a negative impact on our financial condition, results of operations and cash flows.

A customer's ability to make payments on timely basis depend on various factors such as general economic and market conditions and the customer's cash flow position, which are out of our control. Delays in receiving payments from our customers may adversely affect our cash flow position and our ability to meet our working capital requirements. Contractually, we have the right to invoke breach of contract on delayed payments but have avoided doing this in light of our customers' inability to pay due to their business issues and the impact of the COVID-19 pandemic. Defaults in making payments to use on projects for which we have already incurred significant costs and expenditures can materially and adversely affect our results of operations and reduce our financial resources that would otherwise be available for other purposes. There is no assurance that our customers will pay us on a timely basis or at all, which may adversely affect the recoverability of our trade receivables, or that we will be able to efficiently manage our provision for bad and doubtful debts. In the event we are unable to recover such payments, our business, financial condition and results of operations could be adversely affected.

**20. *There have been delays in relation to reporting requirements in respect of issuance of securities by our Company.***

In relation to the allotments made to our Promoter, CTIPL, there have been delays in reporting the foreign inward remittances and delay in filing of certain form FC-GPRs under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**TISPRO Regulations**"), beyond the stipulated period of 30 days. While we had sought compounding of the delay in foreign inward remittances, which was compounded by RBI with a penalty of ₹ 0.31 million, we have filed a compounding application with RBI for the delay in filing of certain Form FC-GPRs. We cannot assure you that these regulatory filings will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect. For details of the compounding application filed with RBI, see "**Outstanding litigation and other material developments – Litigation involving our Company – Compounding applications filed by our Company**" on page 703.

**21. *Failure to protect our intellectual property rights could adversely affect our business and our brand.***

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Such third parties, including certain of these leading

companies and non-practicing entities, may assert patent, copyright, trademark or other intellectual property rights against us, our technology partners or our customers.

While we take care to ensure that we comply with the intellectual property rights of third parties and we have not received any alleged infringement claims in the past, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. There may be third-party intellectual property rights, that cover or claim to cover significant aspects of our technologies or business methods. We may be exposed to increased risk of being the subject of intellectual property infringement claims as a result of acquisitions, as, among other things, we have a lower level of visibility into the development process with respect to such technology or the care taken to safeguard against infringement risks. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed patents or other intellectual property rights. These claims could also result in our having to stop using technology found to be in violation of a third-party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. Such risks will increase as we continue to expand our operations and product offerings. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our offerings and may be unable to compete effectively. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

Likewise, we possess particular intellectual property rights as well. Our success and ability to compete depends, in part, on our ability to protect our trade secrets, trademarks, know-how, confidential information, proprietary methods and technologies and other intellectual property and proprietary rights, so that we can prevent others from using our inventions, proprietary information and property. We generally rely on common law trade secret and trademark laws, and confidentiality or license agreements with our employees, consultants, vendors, customers and other third parties, and generally limit access to and distribution of our proprietary information, in order to protect our intellectual property rights and maintain our competitive position. However, we cannot guarantee that the steps we take to protect our intellectual property rights will be effective.

Pursuant to the Business Transfer and under the deed of assignment dated November 20, 2021, our Material Subsidiary, CPL, has been assigned a total of eight patents granted to our Promoter, CTIPL in Singapore and USA. Further, CTIPL has applied for registration of eight patents in India and USA before the relevant authorities and pursuant to the Business Transfer, these applications have been assigned to our Material Subsidiary, CPL while CPL has also applied for registration of one patent in India. Our Promoter, CTIPL, also has a total of 38 trademarks registered under classes 9, 35, 36 and 42 across India, USA, Europe and Singapore, all of which registrations have now been assigned to our Material Subsidiary, CPL under the deed of assignment dated November 20, 2021. Our Promoter, CTIPL has also applied for registration of six trademarks under classes 9, 35 and 42 in China, all of which applications are currently pending before the relevant authorities, and have been assigned to our Material Subsidiary, CPL, pursuant to the Business Transfer. However, transfer of such intellectual properties from our Promoter, CTIPL to our Material Subsidiary CPL pursuant to the Business Transfer, are subject to completion of certain procedural activities with the relevant regulatory authorities. For further information, see, ***“Government and Other Approvals – Intellectual Property of our Material Subsidiaries”*** on page 706.

As we expand our activities globally, our exposure to unauthorised copying and use of our products and platform capabilities and proprietary information will likely increase. We are currently unable to measure the full extent of this unauthorised use of our products, platform capabilities, software, and proprietary information. We believe, however, that such unauthorised use can be expected to be an issue that negatively impacts our revenue and financial results. Additional uncertainty may result from recent and future changes to intellectual property legislation and from interpretations of the intellectual property laws by applicable courts and agencies. Further, although we endeavour to enter into non-disclosure agreements with our employees, licensees and others who may have access to confidential and proprietary information, we cannot assure that these agreements or other steps we have taken will prevent unauthorised use, disclosure or reverse engineering of our technology. Moreover, third parties may independently develop technologies or products that compete with ours, and we may be unable to prevent this competition.

We might be required to spend significant resources to defend, monitor, and protect our intellectual property rights, such as by initiating claims or litigation against third parties for infringement of our proprietary rights or



to establish the validity of our proprietary rights. However, we may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be adequate to compensate us for the harm suffered. Additionally, we may provoke third parties to assert counterclaims against us. Any litigation, whether or not it is resolved in our favour, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business operations or financial results. For any of these reasons, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology or use of our brand, and our business and brand might be adversely affected.

**22. *Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.***

We believe that maintaining, promoting and enhancing our “Capillary” brand and our various product brands is critical to maintaining and expanding our business. The “Capillary” brand is currently held by our Material Subsidiary, CPL. Maintaining and enhancing our brand depends largely on our ability to continue to provide quality, well-designed, useful, reliable, and innovative SaaS solutions, which we cannot assure you we will do successfully.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful SaaS solutions at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our platform and products through our direct sales force, regional channels partners, and a number of free traffic sources, including customers’ word-of-mouth referrals, and participate in events, blogs and getting featured on product review websites. We have incurred and expect to incur significant costs and expenses to market our brand and we intend to continue such efforts. In Fiscals 2019, 2020 and 2021 and the three months’ ended June 30, 2021, as per our Restated Summary Statements, total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million respectively. Based on India Operations, our expenditure on sales and marketing were ₹ 413.39 million, ₹ 369.92 million, ₹ 221.13 million and ₹ 59.24 million in Fiscals 2019, 2020 and 2021 and in the three months’ period ended June 30, 2021, respectively, and amounted to 54.49%, 47.86%, 41.13% and 49.44%, respectively, of our revenue from operations excluding service income from group companies and other operating revenues in such periods whereas as per our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our expenditure on sales and marketing were ₹ 690.74 million, ₹ 662.67 million, ₹ 426.96 million and ₹ 121.61 million in Fiscals 2019, 2020 and 2021 and in the three months’ period ended June 30, 2021, respectively, and amounted to 33.31%, 29.49%, 21.83% and 24.36%, respectively, of our revenue from operations in such periods. We cannot assure you, however, that our sales and marketing expenses will lead to increasing revenue, and even if they did, such increases in revenue might not be sufficient to offset the expenses incurred.

**23. *If we experience a cyber security breach or other security incident or unauthorised parties otherwise obtain access to our customers’ data or our data, our platform and products may be perceived as not being secure, our reputation may be harmed, demand for our platform and products may be reduced and we may incur significant liabilities.***

We collect, manage, store, transmit and otherwise process vast amounts of data as part of our business and operations and manage our own data centre apart from the third-party data centres we use. We have in the past been subject to phishing and malware attacks on our Anywhere Commerce+ platform. While these attacks have not had resulted in any adverse impact on our Company or resulted in any financial impact, however, they resulted in service downtime. We may, in the future, continue to be subject to cybersecurity attacks by third parties or internally seeking unauthorised access to our data or to disrupt our ability to provide our platform and products.

While we have taken steps to protect the security of the information that we handle, including ensuring that our operations are ISO certified and PCI and SOC II compliant, there can be no assurance that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats. Our security measures or those of our third-party service providers could fail and result in unauthorised access to or use of our platform and products or unauthorised, accidental or unlawful access to, or disclosure, modification, misuse, loss or destruction of, our or our customers’ data. A substantial portion of our business is with large enterprises, which often have heightened sensitivity to data security, protection and privacy issues, and any actual or perceived cybersecurity breach or other security incident may have an especially large impact on the attractiveness of our platform and products to our customer base.

In addition, computer malware, computer hacking, fraudulent use, social engineering (such as, spear phishing attacks), ransomware, credential stuffing, denial of service attacks, supply chain attacks, and general malicious

activity have become more prevalent, and such incidents or incident attempts may occur in the future. Any actual or perceived failure to maintain the performance, reliability, confidentiality, integrity, and availability of our platform and products to the satisfaction of our customers may harm our reputation and our ability to retain existing customers and attract new customers.

Customers who lose confidence in the security of our platform and products as the result of an actual or perceived cybersecurity breach or other security incident may curtail or stop using our services, which may cause our reputation to suffer or result in widespread negative publicity. Additionally, we may incur significant harm including legal and regulatory exposure, including governmental or third-party lawsuits, disputes, investigations, orders, regulatory fines, penalties for violation of applicable laws or regulations or other liabilities and negative financial impacts, which may have a material adverse effect on our business, results of operations and financial condition. In addition, we are also subject to onerous data protection and privacy laws such as General Data Protection Regulation as well as other international and local regulations in these jurisdictions, breaches of which could cause significant losses and penalties adversely affecting our business, results of operations and financial condition. For further information, see “ – ***We are subject to various Indian and international laws and regulations regarding privacy and data security, we or our customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure to comply with these laws and regulations could impose significant compliance burdens.***” on page 35.

**24. *If we fail to integrate our service with a variety of operating systems, software applications and hardware that are developed by others, our service may become less marketable and less competitive or obsolete, and our operating results would be harmed.***

Our success depends on the inter-operability of our platform and solutions with third-party operating systems, applications, data and devices that we have not developed and do not control. Any changes in such operating systems, applications, data or devices that degrade the functionality of our platform or solutions or give preferential treatment to competitive software could adversely affect the adoption and usage of our platform. We may not be successful in adapting our platform or solutions to operate effectively with these applications, data or devices. If it is difficult for our customers to access and use our platform or solutions, or if our platform or solutions cannot connect a broadening range of applications, data and devices, then our customer growth and retention may be harmed, and our business and operating results could be adversely affected.

Enterprise cloud deployments utilize multiple third-party platforms and technologies, and these technologies are updated to new versions at a rapid pace. As a result, we deliver frequent updates to our solutions designed to maintain compatibility and support for our customers’ changing technology environments and ensure our solutions’ ability to continue to monitor the customer’s applications. If our solutions fail to work with any one or more of these technologies or applications, or if our customers fail to install the most recent updates and versions of our solutions that we offer, our solutions will be unable to continuously monitor our customer’s critical business applications. We typically face such incidents at the time of integrating our offerings with our customers’ IT infrastructure.

Ensuring that our solutions are up-to-date and compatible with the technology and enterprise cloud platforms utilized by our customers is critical to our success. We work with technology and cloud platform providers to understand and align updates to their product roadmaps and engage in early access and other programs to ensure compatibility of our solutions with the technology vendor’s generally available release. If our relations with our technology vendors cease, we may be unable to deliver these updates, or if our customers fail to install the most recent updates and versions of our solutions that we offer, then our customers’ ability to benefit from our solution may decrease significantly and, in some instances, may require the customer to de-install our solution due to the incompatibility of our solution with the customer’s applications. Accordingly, customers may choose to terminate or cancel their subscription, which could have an adverse impact on our results of operations, prospectus, cash flows and financial condition.

**25. *We are dependent on our management team and a number of Key Managerial Personnel and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations and financial condition.***

Our ability to compete in the highly competitive technology industry depends upon our ability to attract, motivate, and retain qualified personnel. We are highly dependent on the continued contributions and customer relationships of our senior management led by our Chief Executive Officer, Aneesh Reddy Boddu, and our Chief Operating Officer, Anant Choubey. We rely on the continued effort and services of some key members of our senior management including our Key Managerial Personnel. The loss of the services of our key personnel and any of

our other executive officers, and our inability to find suitable replacements, could result in a decline in sales, delays in product development, and harm to our business and operations.

At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining personnel with appropriate qualifications, and we may not be able to fill positions in a timely manner or at all or may need to implement measures such as salary cuts due to external reasons. We retrenched and laid-off employees in March 2020 and in Fiscal 2020 due to the impact of COVID-19. As of October 31, 2021, we had 402 permanent employees. Based on the Aggregated Adjusted Capillary (including Persuade Group) Information the attrition rate of our employees was 5.69%, 46.24%, 56.70% and 8.99%, (*not annualised for the three months' period ended June 30, 2021*) respectively, in Fiscals 2019, 2020 and 2021 and in the three months' period ended June 30, 2021. We cannot guarantee that we will be able to recruit and retain qualified and capable employees. In addition, our recruiting personnel, methodology, and approach may need to be altered to address a changing candidate pool and profile. We may incur significant costs to attract and recruit skilled personnel, and we may lose new personnel to our competitors or other technology companies before we realise the benefit of our investment in recruiting and training them. As we move into new geographies, we will need to attract and recruit skilled personnel in those geographic areas, but it may be challenging for us to compete with traditional local employers in these regions for skilled talent. If we fail to attract new personnel or fail to retain and motivate our current personnel who are capable of meeting our growing technical, operational, and managerial requirements on a timely basis or at all, our business may be adversely affected.

Our success depends on our ability to effectively source and staff people with the right mix of skills and experience to perform services for our customers, including our ability to transition personnel to new assignments on a timely basis. If we are unable to effectively utilise our personnel on a timely basis to fulfil the needs of our customers, our business could suffer. Further, if we are not able to utilise the talent we need because of increased regulation of immigration or work visas, including limitations placed on the number of visas granted, limitations on the type of work performed or location in which the work can be performed, and new or higher minimum salary requirements, it could be more difficult to staff our personnel on customer engagements and could increase our costs.

**26. *If we fail to meet our service level commitments or an inability to provide quality customer service and support may adversely affect our relationships with our existing and prospective customers, and in turn our business, results of operations and financial condition.***

Our master service agreements with many of our customers, including most of our top customers, provide certain service level commitments. If we are unable to meet the stated service level commitments or suffer extended periods of downtime that exceed the periods allowed under our agreements, we may be obligated to provide these customers with service credits, or we could face subscription terminations, which could significantly impact our revenue. Any extended service outages could also adversely affect our reputation, which would also impact our future revenue and operating results. We have in the past been subject to certain penalties on account of our inability to meet our service level commitments, however, the amount of such penalties has not been material. We cannot assure that there will not be other such instances in future and the penalties involved will not be material. We are dependent on our partners for some of our service level commitments.

In implementing and using our platform and services, our customers depend on our quality customer service and support, which in some cases may be provided by third-party partners, to resolve complex technical and operational issues in a timely manner. Any delays, failure to perform, or unsatisfactory performance by our partners could also impact our commitments to the customers, our reputation, business and results of operation. We, or in certain cases our partners, may be unable to respond quickly to accommodate short-term increases in demand for customer or product support. We also may be unable to modify the nature, scope and delivery of our customer and product support to compete with changes in solutions provided by our competitors. Increased customer support requests, without corresponding revenue, could increase costs and adversely affect our results of operations and financial condition. Our sales are highly dependent on our reputation and on positive recommendations from our existing customers. Any failure to maintain quality customer or product support, or a market perception that we do not maintain quality enterprise or product support, could adversely affect our reputation, our ability to sell our platform and products to existing or new customers, and in turn our business, results of operations and financial condition.

**27. *If we fail to effectively manage our growth, our business, results of operations and financial condition could be harmed.***

We have experienced, and may continue to experience, rapid growth and organisational change, which has placed, and may continue to place, significant demands on our management, operational and financial resources. In addition, we operate globally and enter into contracts related to our platform and products. We plan to continue to expand our international operations into other countries and in particular into the United States in the future, which will place additional demands on our resources and operations. We have also experienced significant growth in the number of enterprises, end users, transactions and amount of data that our platform, product offerings and associated hosting infrastructure support.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategies include, developing new features and solutions, expanding our client base, and expanding our presence geographically. For further information, see “***Our Business – Strategies***” on page 192. Our ability to achieve our growth strategies will be subject to a range of factors, including our ability to identify market opportunities, demands and trends in the industry, develop features and solutions that meet our clients’ requirements, compete with existing companies in our markets, consistently exercising effective quality control, and hire and train qualified personnel. Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. We may face increased risks when we enter new markets internationally, and may find it more difficult to hire, train and retain qualified employees in new regions.

Our business growth could be a strain on our resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our personnel. There can be no assurance that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. Our inability to manage our business and implement our growth strategy could have a material adverse effect on our business, financial condition and profitability.

**28.      *We are subject to risks associated with expansion into new geographic regions.***

We conduct our business across emerging and developed markets and serve customers across countries primarily in Asia and in particular South East Asia and the Middle East. As of October 31, 2021, we operate on a global scale, serving customers in over 30 countries. The markets in which we operate are diverse and fragmented, with varying levels of economic and infrastructure development and distinct legal and regulatory systems, and do not operate seamlessly across borders as a single or common market.

Expansion into new geographic regions subjects us to various challenges, including those relating to our lack of familiarity with the culture, local laws and regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. For instance, we are focussing on our go-to-market efforts towards expanding in the United States. We are also in the process of identifying other acquisition targets in the loyalty and allied spaces that could complement our existing portfolio and also allow us to tap the market in the United States. Further, we intend to continue exploring inorganic opportunities for expansion, and venture selectively and prudently into other evolved markets like Europe. For further information, see “***Our Business – Strategies – Further Acquisitions in North America and other Western Markets***” on page 194. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets.

By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- foreign ownership constraints and uncertainties with new local business partners;
- local language preferences and service requirements;
- fluctuations in foreign currency exchange rates;
- inability to effectively enforce contractual or legal rights and adverse tax consequences;
- differing accounting standards and interpretations;

- stringent as well as differing labour and other regulations;
- differing domestic and foreign customs, tariffs and taxes;
- exposure to expropriation or other government actions;
- political, economic and social instability;
- attracting quality talent in new geographies;
- physical presence of offices;
- understanding of local employment laws; and
- adherence to local data security requirements and laws.

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

Further, the regulatory regime in some of the territories we operate in continues to evolve at a rapid pace and may be unclear or inconsistent or open to conflicting interpretation. A number of our agreements with customers are governed by laws other than Indian law. We cannot assure you that in the event of a dispute under such agreements, we will be able to successfully defend our position, and any adverse decision may adversely impact our financial position, results of operations and cash flows. If we are unable to manage our global operations successfully, our financial results could be adversely affected, which may impact profit margins or make it increasingly difficult for us to conduct business in foreign markets.

We intend to continue to expand our offerings, as well as our customer base, within existing regions where we operate and to various other jurisdictions and in particular the United States. We may have limited or no experience in marketing, developing and deploying our offerings in such jurisdictions, and may require considerable management attention and resources for managing our growing business across markets. Further, any restriction on repatriation of money to India from countries where we have operations, may result in overexposure on the cash being accumulated for our overseas operations, which may have an adverse impact on our cash flows, results of operations and profitability.

**29. *If we are unable to develop and maintain successful relationships with partners, our business, operating results, cash flows and financial condition could be adversely affected.***

We have been primarily dependent on our direct sales force to sell subscriptions to our platform and services. In addition, we have a network of regional and global partners which we work with to align go-to-market initiatives and deliver value to our customers. However, our reliance on these partners for new business can be unpredictable, as we are required to ensure delivery and customer relationships. Additionally, our partners who do not have an exclusive relationship with us, may also choose to work with our competitors.

In addition, we have also entered into agreements with certain marketing agents whereby we pay a certain fixed fee to such marketing agents to generate business and customer referrals. There can be no assurance that such marketing agents will be able to secure additional business for us which could have an adverse impact on our results of operations, cash flows and financial condition.

We believe that continued growth in our business is dependent upon identifying, developing, and maintaining strategic relationships with additional partners that can drive substantial revenue. If we fail to maintain our relationship with our current partners or identify additional partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future partners in independently selling and deploying our products, our business, results of operations, and financial condition could be adversely affected. They may also cease marketing our platform with limited or no notice and with little or no penalty. Additionally, customer retention and expansion attributable to customers acquired through our partners may differ significantly from customers acquired through our direct sales efforts. Further, if our partners do not effectively market and sell our products, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be adversely affected.

**30. *If we fail to effectively expand our sales and marketing capabilities and teams, we may not be able to increase our customer base and achieve broader market acceptance of our SaaS solutions.***

Increasing our customer base and achieving broader market acceptance of our suite of SaaS solutions will depend on our ability to expand our sales and marketing teams and their capabilities to obtain new customers and sell additional products and services to existing customers. As of October 31, 2021, our sales team comprised 18 professionals. We believe there is significant competition for direct sales professionals with the skills and technical knowledge that we require, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future. Our ability to achieve significant future revenue growth will depend on our success in recruiting, training and retaining sufficient numbers of direct sales professionals. New and planned hires require significant training and time before they become fully productive, and may not become as productive as quickly as we anticipate. Our growth prospects may be adversely impacted if our efforts to expand, train and retain our direct sales team do not generate a corresponding significant increase in revenue.

**31. *We have had negative cash flows from operating activities in the past based on the Restated Summary Statements of our Company and may, in the future, experience similar negative cash flows.***

We have experienced negative cash flows from operating activities based on the Restated Summary Statements of our Company and may, in the future, experience negative cash flows. The following table sets forth certain information relating to our cash flows for the periods indicated, based on the Restated Summary Statements of our Company:

Particulars	Fiscal			For the three months' period ended June 30, 2021 (in ₹ million)
	2019 (As Adjusted)	2020 (As Adjusted)	2021	
Net cash flow (used in)/ from operating activities	(60.29)	5.57	153.82	(82.57)
Net cash used in investing activities	(60.17)	(14.30)	(25.31)	(1.91)
Net cash used in financing activities	(62.96)	(13.05)	(79.63)	(0.23)
Net (decrease)/ increase in cash and cash equivalents	(183.42)	(21.78)	48.88	(84.71)
Cash and cash equivalents at the end of the year / period	69.68	47.90	96.78	12.07

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected.

**32. *Our ability to secure profits will suffer if we are not able to maintain our resource utilisation levels and productivity levels.***

Our ability to secure profits will be significantly impacted by our utilisation levels of fixed-cost resources, including human resources as well as other resources such as office space, and our ability to increase our productivity levels. We have expanded our operations significantly in recent years, which has resulted in an increase in our revenue per employee over the years. Based on Restated Summary Statements of our Company, in Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, our employee benefits expenses represented 57.09%, 59.14%, 62.56% and 69.00%, respectively, of our total revenue from operations in such periods, while based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our employee benefits expenses represented 68.44%, 62.69%, 54.98% and 67.38% of our total revenue from operations, respectively, in such periods. In Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, for our India Operations, our revenue per employee (excluding revenue from group companies) was ₹ 1.53 million, ₹ 1.42 million, ₹ 1.34 million, and ₹ 0.38 million, respectively, while based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) our revenue per employee was ₹ 3.58 million, ₹ 3.49 million, ₹ 4.03 million, and ₹ 1.25 million, respectively. We may be unable to maintain our current levels of employee productivity going forward.

Our ability to be profitable and the cost of providing our services are affected by the utilisation rates of our employees in delivery locations. If we are not able to maintain appropriate utilisation rates for our employees involved in delivery of our services, our profit margin and our profitability may suffer. Our utilisation rates are affected by a number of factors, including our ability to: promptly transition our employees between customer assignments; forecast demand for our services and thereby maintain an appropriate number of employees in each of our delivery locations; deploy employees with appropriate skills and seniority to assignments; manage the attrition of our employees and to hire and integrate new employees; and devote time and resources to training, professional development and other activities that cannot be billed to our customers.

Employee shortages could prevent us from completing our contractual commitments in a timely manner, taking up new contracts and cause us to lose contracts or customers. Further, to the extent that we lack sufficient employees with lower levels of seniority and daily or hourly rates, we may be required to deploy more senior employees with higher rates on projects without the ability to pass such higher rates to our customers, which could adversely affect our profit margin and profitability.

**33. *We recognize revenue over the term of our customer contracts. Consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.***

We generally recognize revenue from subscriptions for our products and solutions over the term of the subscription. As such, downturns or upturns in new business may not be immediately reflected in our operating results. We generally recognize revenue from customers over a term of 12 to 36 months. As a result, most of the revenue we report in each quarter is the result of continued and new contracts during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be reflected in our revenue results for that quarter. Any such decline, however, will negatively impact our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our products and solutions, and changes in our attrition rate, may not be fully reflected in our results of operations until future periods, including changes resulting from the effects of the COVID-19 pandemic. Our revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable term.

**34. *The market for customer relationship and loyalty management SaaS solutions is relatively new and emerging. If the market develops more slowly or differently than we expect, our business, growth prospects and financial condition would be adversely affected.***

The market for customer relationship and loyalty management SaaS solutions, such as ours, is relatively new and may not achieve or sustain high levels of demand and market acceptance. The global SaaS revenue grew 22% from ₹ 3 trillion (US\$ 40 billion) in 2015 to ₹ 8 trillion (US\$ 108 billion) in 2020, and it is expected to gain 30% more market size in the next four years between 2020 and 2024. The global SaaS market is forecasted to expand at a rapid pace, and it will reach an estimated value of ₹ 23 billion (US\$ 308 billion) by 2024. (Source: Zinnov Report)

The future growth of our business depends both on the acceptance and expansion of emerging loyalty management solutions. Even if these solutions become widely adopted, our suite of customer relationship and loyalty management SaaS solutions may not continue to be utilized by our existing customers or we may not acquire new customers. Organizations may not make significant investments in customer relationship and loyalty management SaaS solutions and may not purchase services and solutions to address their customer relationship and loyalty management requirements. If customer relationship and loyalty management SaaS solutions are not widely adopted, or the market for such SaaS solutions does not develop as we expect, our business, growth prospects and financial condition would be adversely affected.

**35. *The market in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed.***

The market for platform CRM and loyalty management solutions is highly competitive, rapidly evolving and fragmented, and subject to changing technology, low barriers to entry, shifting customer needs and frequent introductions of new products and services. Many prospective customers have invested substantial personnel and financial resources to implement and integrate their current enterprise software into their businesses and therefore may be reluctant or unwilling to migrate away from their current solution to an enterprise cloud computing application service. Additionally, third-party developers may be reluctant to build application services on our platform since they have invested in other competing technology platforms.

Our current competitors include: internally developed enterprise applications (by our potential customers' IT departments); vendors of packaged business software, as well as companies offering enterprise apps delivered through on-premises offerings from enterprise software application vendors and cloud computing application service providers, either individually or with others; software companies that provide their product or service free of charge as a single product or when bundled with other offerings, or only charge a premium for advanced features and functionality; vendors who offer software tailored to specific services that are more directed toward those specific services than our full suite of service offerings; suppliers of traditional business intelligence and data preparation products, as well as business analytics software companies; integration software vendors and other companies offering integration or API solutions; marketing vendors, which may specialize in advertising,

targeting, messaging, or campaign automation; e-commerce solutions from established and emerging cloud-only vendors and established on-premises vendors; and traditional platform development environment companies and cloud computing development platform companies who may develop toolsets and products that allow customers to build new apps that run on the customers' current infrastructure or as hosted services. Our potential competitors include mid-market independent software vendors such as TADA, COMO, and technology giants such as Oracle and SAP. (Source: Zinnov Report) For further information, see "*Industry Overview*" on page 140.

In addition, we may face more competition as we expand our product offerings. Some of our current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, more significant installed bases, broader geographic scope, broader suites of service offerings and larger marketing budgets, as well as substantially greater financial, technical, personnel and other resources. In addition, many of our current and potential competitors have established marketing relationships and access to larger customer bases, and have major distribution agreements with consultants, system integrators and resellers. We also experience competition from smaller, younger competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if our services are more effective than the products and services that our competitors offer, potential customers might select competitive products and services in lieu of purchasing our services. Accordingly, we may not be able to compete successfully against our current and future competitors, which could negatively impact our future sales and adversely affect our business, results of operation and financial condition.

**36. *Failures of the third-party data center hosting facilities could impair the delivery of our services and solutions and adversely affect our business.***

We currently serve our customers from cloud-based third-party data center hosting facilities. The operators of these facilities do not guarantee that our customers access to our solutions will be uninterrupted, error-free or secure. We do not control the operation of these facilities, and such facilities are vulnerable to damage or interruption from a tornado, earthquake, fire, cyber-attack, terrorist attack, power loss, telecommunications failure or similar catastrophic events. They also could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in the delivery of our services and solutions. Further, while we have not experienced any termination of our arrangement with our third-party data centers in the past, we cannot assure you that this will not happen in the future. If for any reason our arrangement with one or more of the third-party data centers we use is terminated, we could incur additional expense in arranging for new facilities and support. In addition, the failure of the data centers to meet our capacity requirements could result in interruptions in the availability of our SaaS solutions or impair the functionality of our SaaS solutions, which could adversely affect our business.

**37. *We may suffer disruptions, outages, defects, and other performance and quality problems with our artificial intelligence suite or with the public cloud and internet infrastructure on which it relies; and***

Our business, brand, reputation, and ability to attract and retain customers depend upon the satisfactory performance, reliability, and availability of our products and solutions. Our continued growth depends, in part, on the ability of our existing and potential customers to utilise our solutions 24 hours a day, seven days a week, without interruption or degradation of performance. Interruptions in these systems, whether due to system failures, computer viruses, software errors, physical or electronic break-ins, or malicious hacks or attacks on our systems (such as denial of service attacks), could affect the security and availability of our services on our platform and prevent or inhibit the ability of users to access our platform or services. In addition, the software, internal applications, and systems underlying our products are complex and may not be error-free. We may encounter technical problems when we attempt to enhance our software, internal applications, and systems. Any inefficiencies, errors, or technical problems with our software, internal applications, and systems could reduce the quality of our products and services or interfere with our customers' use of our products and services, which could reduce demand, lower our revenues, and increase our costs. We also rely on third parties for cloud server hosting facilities and cloud computing platforms. Any interruption in these third-party services or deterioration in the performance of these services, regardless of the cause, could also be disruptive to our business.

While we have not experienced any disruptions, data loss, outages, and other performance problems with our infrastructure due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, denial-of-service attacks, ransomware attacks, or other security-related incidents, we cannot assure you that these will not happen in the future. In some instances, we may not be able to identify the cause or causes of these performance problems immediately or in a short time. We may not be



able to maintain the level of service and performance required by our customers. If our platform is unavailable or if customers are unable to utilise our products within a reasonable amount of time, or at all, our business and financial condition would be adversely affected.

**38. *Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.***

We experience seasonality in our business. As most of our customers typically allocate a higher portion of their IT budgets for the third quarter of each fiscal year, we generally experience higher volumes of business during this period. Therefore, we record an increase in revenue from contracts with customers in our third quarter (September to December) and our sales and results of operations may vary by quarter. Further, any economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our revenue from operations may be delayed or reduced. Accordingly, our sales performance and results of operations in one quarter may not accurately reflect the trends for the entire financial year and may not be comparable with our results of operations for other quarters.

**39. *Exchange rate fluctuations may adversely affect our results of operations as some portion of our revenues and expenditures are denominated in foreign currencies.***

We are exposed to foreign exchange related risks as a portion of our revenue from contracts with customers are in foreign currency, including the US Dollar. A significant or frequent fluctuation in the exchange rate between the Indian Rupee and other currencies, may adversely affect our results of operations. The exchange rate between the Indian Rupee and foreign currencies, primarily the US Dollar, has fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, during times of strengthening of the Indian Rupee, we expect that our revenue from offerings overseas will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees.

However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our business and results of operations during the same period. Accordingly, any appreciation or depreciation of the Indian Rupee against these currencies can impact our results of operations. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards. Further, due to the time gap between the accounting of purchases and actual payments, the foreign exchange rate at which the purchase is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting us negatively, depending on the appreciation or depreciation of the Rupee. We may, therefore, be exposed to risks arising from exchange rate fluctuations and we may not be able to pass on all losses on account of foreign currency fluctuations to our customers, and as a result, suffer losses on account of foreign currency fluctuations. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our results of operations and cause our results to fluctuate and/or decline.

**40. *We depend on revenues generated from our campaign services. Any adverse developments or failure to provide quality campaign services could have an adverse impact on our business, financial condition, cash flows and results of operations.***

We provide campaign services through Engage+, our AI-powered solution that assists customers with end-to-end campaign management. We charge our customers a fee for every message that is sent out from our platform and our charges are dependent on the media the customer is using (including through e-mail, SMS, social media and push notifications). As per the Restated Summary Statements of our Company, in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, income from campaign services was ₹ 280.30 million, ₹ 255.79 million, ₹ 91.85 million and ₹ 14.35 million and represented 16.19%, 15.40%, 7.99% and 4.33% of our total revenue from operations in such periods. Given that a portion of our revenue is dependent on campaign revenues, we may be impacted by any change in marketing plans of our customer, changes in budget allocation or a decision by customers to use alternate modes of campaign management, all of which could have an adverse impact on our business, financial condition, cash flows and results of operations.

**41. *Our Company and our Subsidiary, Capillary Pte. Ltd. are involved in outstanding legal proceedings. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.***

There is an outstanding arbitration proceeding for damages for breach of contract amounting to ₹ 40.25 million initiated by our Promoter CTIPL, for which, pursuant to the Business Transfer, our Subsidiary, CPL indemnifies CTIPL. This matter is pending before the Singapore International Arbitration Centre. Further, our Company's compounding application dated October 27, 2021 in respect of delay in filing Form FC-GPR, is currently pending before the Reserve Bank of India.

The summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation (as defined in the section “**Outstanding Litigation and Other Material Developments**” on page 702) involving our Company and our Subsidiary.

A summary of outstanding litigation proceedings involving our Company, our Promoter, our Directors, our Subsidiaries and our Group Company as on the date of this Draft Red Herring Prospectus is provided below:

Name of Entity <sup>(1)</sup>	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Material civil litigation	Aggregate amount involved (₹ in million) <sup>(2)</sup>
<b>Company</b>					
By our Company	-	-	-	-	-
Against our Company	-	-	1	-	Not quantifiable
<b>Subsidiaries</b>					
By the Subsidiaries	-	-	-	1	40.25 <sup>(3)</sup>
Against the Subsidiaries	-	-	-	-	-
<b>Directors</b>					
By the Directors	-	-	-	-	-
Against the Directors	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>40.25</b>

<sup>(1)</sup> There is no pending litigation involving our Group Company which will have a material impact on our Company.

<sup>(2)</sup> To the extent quantifiable

<sup>(3)</sup> Conversion rate as on June 30, 2021: 1 US\$ = ₹ 74.33 and 1 SGD = ₹ 55.25 (Source: [www.x-rates.com](http://www.x-rates.com)). Further a counter-claim has been filed by the respondent in this matter. For details, see “**Outstanding Litigation and Other Material Developments – Litigation involving our Subsidiaries - Outstanding Litigation by our Subsidiaries**” on page 703.

There can be no assurance that these legal proceedings will be decided in our favour or in favour of our Company and our Subsidiary. In addition, we cannot assure you that no additional liability will arise out of these proceedings. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

**42. If our third-party service providers and key vendors are not able to or do not fulfil their service obligations, our operations could be disrupted and our operating results could be harmed.**

We depend on a number of service providers and key vendors, such as software and hardware vendors, outsourced hosting providers and hardware and software maintenance providers who are critical to our operations. These service providers and vendors are involved in our offerings, communications equipment, hardware and software and related support and maintenance. For instance, we primarily rely on a single vendor for our cloud hosting services. In the event of any disruptions from such third-party vendors, our operations may be adversely impacted. In addition, our operations could be disrupted if we do not successfully manage relationships with our service providers, if they do not perform or are unable to perform agreed-upon services, or if they are unwilling to make their services available to us at reasonable prices. If our service providers and vendors do not perform their service obligations, it could adversely affect our reputation, business, financial condition and results of operations.

**43. An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.**

We have obtained a number of insurance policies in connection with our operations including group medical insurance, group personal accident, professional indemnity insurance and cyber liability insurance, asset coverage insurance, directors' and officers' insurance and group term life insurance. For further information, see “**Our Business – Insurance**” on page 210. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, as of March 31 2021, the aggregate coverage of the insurance policies obtained on our assets by us was ₹ 457.09 million.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance

to cover all our losses. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

**44. *We incorporate technology from third-parties into our solutions, and our inability to obtain or maintain rights to the technology could harm our business.***

We incorporate technology from third-parties into our solutions. We cannot be certain that our suppliers and licensors are not infringing the intellectual property rights of third-parties or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may offer our solutions and perform services. Some of our agreements with our suppliers and licensors may be terminated for convenience by them. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain such technology or enter into new agreements on commercially reasonable terms, our ability to develop and sell solutions and services containing such technology could be severely limited, and our business could be harmed. While we have not experienced any material instances of non-fulfilment of service obligations by our third-party service providers, we cannot assure you that this will be the case in the future. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternative technology, which may require significant time, cost and effort and may be of lower quality or performance standards. This would limit and delay our ability to offer new or competitive products and increase our costs of production. If alternative technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our solutions and services. As a result, our margins, market share and results of operations could be significantly harmed.

**45. *We may need to seek additional financing in the future to support our growth strategies. Any failure to raise additional financing could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We will continue to incur significant expenditure in maintaining and growing our existing infrastructure, develop and implement new technologies as part of our platform and solutions. Our strategy to grow our business may require us to raise additional funds for our working capital or long-term business plans or for refinancing our outstanding debts. While we have historically funded our capital expenditure primarily through long-term debts and equity infusions, we cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to use our assets, including our cash balances, as collateral for our indebtedness. If we are unable to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms or at all, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects. We may also be required to finance our growth, whether organic or inorganic, through future equity offerings, which may lead to the dilution of investors' shareholdings in us. See, "*Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.*" below. We may also be restrained from raising funds from foreign investors as a result of regulatory policies and frameworks.

**46. *Our offices, including our Registered and Corporate Office, are located on premises that is held by us on a lease and license basis. If these leases and license agreements are terminated or not renewed and we are not able to identify alternative premises on terms acceptable to us, it could adversely affect our business, financial condition, results of operations, and cash flows.***

We operate on a global scale with operations in over 30 countries as of October 31, 2021, and having offices across eight international offices. All our offices, including our Registered and Corporate Office, are located on premises that we operate pursuant to a lease or leave and license agreements. The lease agreement for our Registered and Corporate Office is a short-term lease, valid only for a period of three years. If we are unable to renew or extend this agreement on commercially acceptable terms, or at all, we may have to relocate our Registered and Corporate Office. Further, we may be required to re-negotiate rent or other terms and conditions of such agreements.

We may also be required by the landlord to relocate to another location adjacent to the leased premises at a short notice of two months as prescribed in the lease agreements, and we may not be able to identify and obtain possession of an alternate location, in a short period of time.

The lease agreements entered by us include a lock-in period (“**Lock-in Period**”), which in certain cases, may continue to four years. During the relevant Lock-in Period, we are restricted from exercising our right to terminate the lease. In addition, our lease agreements we are required to pay a break-out fee, (which could amount to a maximum of ₹ 10 million), in case we decide to terminate the lease prior to its originally agreed upon term. Any decision to discontinue operations on such leased premises would therefore adversely affect our financial condition and cash flows.

In addition, lease agreements are required to be duly registered and adequately stamped under Indian law and if any one of our lease agreements is not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India subject to penalties along with the requisite stamp duty prescribed under applicable Indian law being paid.

Occurrence of any of the above events may have a material adverse effect on our business, results of operations, financial condition, and cash flows. Further, any adverse impact on the ownership rights of our landlords may impede our effective future operations. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease/ leave and license agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations.

**47. *Any violation of our policies or misuse of our SaaS solutions by our customers could damage our reputation and subject us to liability.***

Our customers could misuse our SaaS solutions by, among other things, transmitting negative messages or website links to harmful applications, sending unsolicited commercial email, reproducing and distributing copyrighted material without permission, reporting inaccurate or fraudulent data and engaging in illegal activity. Any such use of our suite of SaaS solutions could damage our reputation and could subject us to claims for damages, defamation, negligence or fraud. We rely on contractual representations made to us by our customers that their use of our SaaS solutions will comply with our policies and applicable law. We cannot predict whether the use of our SaaS solutions would expose us to liability under applicable laws or subject us to other regulatory action. Even if claims asserted against us do not result in liability, we may incur substantial costs in investigating and defending against such claims, or our reputation may be damaged. If we are found liable in connection with our customers’ activities, we could be required to pay fines or penalties, redesign our SaaS solutions or otherwise expend resources to remedy any damages caused by such actions and to avoid future liability. While we have not experienced any past instances of violation of our policies or misuse of our SaaS solutions, we cannot assure you that this will continue to be the case in the future. Should any of the aforementioned risks eventuate, our business, reputation, results of operation and financial condition may be adversely impacted.

**48. *Our use of open source software could adversely affect our ability to offer our products and services and subject us to possible litigation.***

We use open source software in connection with our development of technology infrastructure. From time-to-time, companies that use open source software have faced claims challenging the use of open source software and/or compliance with open source license terms. We could be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with open source licensing terms. Some open source licenses require users who distribute software containing open source to make available all or part of such software, which in some circumstances could include valuable proprietary code of the user. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could be harmful to our business,

results of operations or financial condition, and could help our competitors develop customer relationship and loyalty management products and services that are similar to or better than ours.

**49. *Internal or external fraud or misconduct or misrepresentation or mis-selling by our employees could adversely affect our reputation and our results of operations.***

Our business may expose us to the risk of fraud, misappropriation or misrepresentation or unauthorized transactions by our representatives and employees which could result in binding us to transactions that exceed authorised limits or present unacceptable risks. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation or misrepresentation or mis-selling by our representatives and employees, which could adversely affect our goodwill. Employee misconduct or mis-selling or misrepresentation could also involve the improper use or disclosure of confidential information, breach of any applicable confidentiality agreement, misappropriation or misuse of any third-party intellectual property rights which could result in regulatory sanctions, penalties and serious reputational or financial harm. In addition, employees may utilize our confidential information and technology to start their own businesses and become our competitors. While we have not experienced any past instances of fraud, misconduct, misrepresentation, mis-selling of current and ex-employees, we cannot assure you that this will continue to be the case in the future. Further, although we have systems in place to prevent and deter fraudulent activities by our employees, there can be no assurance that such systems will be effective in all cases. Any instances of such fraud or misconduct or mis-selling could adversely affect our reputation, business, results of operations, cash flows and financial condition.

**50. *We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have in the ordinary course of business entered into transactions with related parties in the past and from time to time, we may enter into related party transactions in the future. While all such transactions have been conducted on an arm's length basis, we cannot assure you that such transactions in future will be on favourable terms if such transactions are entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. We have entered into various related party transactions whose arithmetic aggregated absolute total amounted to ₹ 981.92 million, ₹ 1,057.26 million, ₹ 645.45 million and ₹ 223.81 million in Fiscal 2019, 2020 and 2021 and in the three months period ended June 30, 2021, respectively, and represented 56.71%, 63.64%, 56.17%, and 67.48% of our total revenue from operations, respectively. For further information on our related party transactions, see "*Summary of the Offer Document – Summary of Related Party Transactions*" on page 23. We cannot assure you that such transactions in future, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

**51. *Failure to obtain or renew approvals, licenses, registrations and permits to operate our business in a timely manner, or at all, may adversely affect our business, financial condition, cash flows and results of operations.***

We are required to obtain certain approvals, registrations, permissions and licenses from regulatory authorities, to carry out/ undertake our operations. These approvals, licenses, registrations and permissions may be subject to numerous conditions and we cannot assure you that we will be able to continuously meet such conditions. If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, or if we fail to comply with applicable conditions or it is claimed that we have breached any such conditions, our license or permission for carrying on a particular activity may be suspended or cancelled and we may not be able to carry on such activity, which could adversely affect our business, results of operations, cash flows and financial condition. For further information on the nature of approvals and licenses required for our business, see "*Government and Other Approvals*" on page 705.

Additionally, any unfavourable changes in or interpretations of existing laws, or the promulgation of new laws, governing our business and operations could require us to obtain additional licenses and approvals. Regulatory authorities could also impose notices and other orders on us if we fail to obtain any required licenses or approvals.

We may also face claims and incur significant liabilities if found liable or partially liable for any injuries, damages or losses. Claims against us may exceed the amount of our insurance coverage or may not be covered by insurance at all. Government authorities may also impose significant fines on us or require us to adopt costly preventive measures.

There is no assurance that such approvals and licenses will be granted or renewed in a timely manner or at all by the relevant governmental or regulatory authorities. Failure to obtain or renew such approvals and licenses in a timely manner would make our operations non-compliant with applicable laws and may result in imposition of penalties by relevant authorities, and may also prevent us from carrying out our business. Our licenses and approvals are subject to various conditions, including periodic renewal and maintenance standards. Any actual or alleged failure on our part to comply with the terms and conditions of such regulatory licenses and registrations could expose us to legal action, compliance costs or liabilities, or could affect our ability to continue to operate at the locations or in the manner in which we have been operating thus far.

Any of the foregoing could disrupt our services, cause us to incur substantial expenses and divert the time and attention of our management, which may have a material adverse effect on our business, financial condition, cash flows and results of operations.

52. ***We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.***

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial and operational measures, and such other industry related statistical and operational information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of SaaS businesses, many of which provide such non-GAAP financial and operational measures, and other industry related statistical and operational information.

These non-GAAP financial and operational measures, and such other industry related statistical and operational information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial and operational measures, and industry related statistical information of similar nomenclature that may be computed and presented by other companies pursuing similar business. We have derived certain industry information in this Draft Red Herring Prospectus from the Zinnov Report, and the Zinnov Report highlights certain industry and market data relating to us and our competitors, which may not be based on any standard methodology and are subject to various assumptions.

Further, as the industry in which we operate continues to evolve, the measures by which we evaluate our business may change over time. In addition, if the internal tools we use to track these measures under-count or over-count performance or contain algorithmic or other technical errors, the data and/or reports we generate may not be accurate. We calculate measures using internal tools, which are not independently verified by a third party. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of the Restated Summary Statements of our Company disclosed elsewhere in this Draft Red Herring Prospectus. While we have not experienced any issues on account of such tools in the past, there can be no assurance that there will not be any issues or such tools will be accurate going forward. Also, see “ – ***Industry information included in this Draft Red Herring Prospectus has been derived from an industry report exclusively commissioned by and paid for by us for such purpose.***” on page 56.

53. ***The Restated Summary Statements of our Company disclose certain contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, which if materialize, may adversely affect our business, financial condition, cash flows and results of operation.***

As of June 30, 2021, our contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets basis the Restated Summary Statements of our Company, were as follows:

Particulars	Amount (in ₹ million)
Bank guarantees outstanding	3.91

If a significant portion of these liabilities materialise, it could have an adverse effect on our business, financial condition and results of operations.

**54. *After the completion of the Offer, our Promoter will continue to collectively hold substantial shareholding in our Company.***

As on the date of this Draft Red Herring Prospectus, our Promoter holds 98.06% of the share capital of our Company, and upon completion of the Offer, our Promoter will hold [●]% of our Equity Share capital). For details of their shareholding pre and post Offer, see “*Capital Structure*” on page 88. After the completion of the Offer, our Promoter will continue to collectively hold substantial shareholding in our Company, and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders’ approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoter as our controlling shareholder could conflict with our interests or the interests of its other shareholders. We cannot assure you that the Promoter will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business. For further details in relation to the interests of our Promoter in the Company, please see “*Our Promoter and Promoter Group*”, “*Our Management*” on pages 240 and 223 respectively.

**55. *Industry information included in this Draft Red Herring Prospectus has been derived from an industry report exclusively commissioned and paid for by our Company for such purpose.***

We have availed the services of an independent third-party research agency, Zinnov appointed on August 25, 2021, to prepare an industry report titled “*Customer Engagement Software Market Overview – Market Analysis, Compete Benchmarking*” dated December 23, 2021, exclusively for purposes of inclusion of such information in this Draft Red Herring Prospectus. Given the scope and extent of the Zinnov Report, disclosures are limited to certain excerpts and the Zinnov Report has not been reproduced in its entirety in the Draft Red Herring Prospectus. The report is a paid report that has been commissioned by our Company, and is subject to various limitations and based upon certain assumptions that are subjective in nature. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

**56. *The transfer of shares from our Promoter to our Material Subsidiary, CPL, is subject to procedural formalities and a delay in completion of such procedural formalities could result in administrative challenges.***

Our Promoter, CTIPL, pursuant to the Gift Deed China, Gift Deed Dubai, Gift Deed Malaysia and Gift Deed Indonesia, transferred its entire share capital along with its rights, title, interests and benefit in its subsidiaries, Capillary Shanghai, Capillary Dubai, Capillary Malaysia, and Capillary Indonesia to our Material Subsidiary, CPL. Under applicable law, we are required to complete certain procedural formalities including filing relevant documents along with board approvals with the relevant authorities in the respective jurisdictions to ensure that such gifts are recorded with such authorities. CPL has completed such procedural formalities for Capillary Malaysia and Capillary Indonesia. The documents for Capillary Dubai and Capillary Shanghai have already been submitted with the concerned Authorities and the reflection of such change is awaited. Delay in reflection of this change by the concerned authorities may result in administrative challenges for our operations.

**57. *Should our Promoter, CTIPL, be subject to insolvency proceedings the gift of CTIPL’s shareholding in certain of our Subsidiaries to CPL may become invalid.***

Our Promoter, CTIPL, pursuant to the Gift Deed China, Gift Deed Dubai, Gift Deed Malaysia and Gift Deed Indonesia, transferred its entire share capital along with its rights, title, interests and benefit in its subsidiaries, Capillary Shanghai, Capillary Dubai, Capillary Malaysia, and Capillary Indonesia and Capillary Shanghai have been / will be transferred to our Subsidiary, CPL. For further information on the gift deeds, see “*History and Certain Corporate Matters - Material acquisitions or divestments of business or undertakings, mergers,*

*amalgamations or revaluation of assets in the last ten years*” on page 217. In the event, our Promoter, CTIPL, is subject to insolvency proceedings or is wound up, there can be no assurance the transfer of shares by CTIPL to our Subsidiary will continue to be valid and such transactions may be considered null and void by regulatory authorities as part of insolvency proceedings or otherwise.

**58. *Certain Directors and Key Managerial Personnel, are interested in our Company’s performance in addition to their remuneration and reimbursement of expenses.***

Certain of our Directors and Key Managerial Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses and such interests are to the extent of their, their relatives and their company’s shareholding in our Company, payment of dividend or distributions thereon. For the payments that are made by our Company to related parties, see “**Other Financial Information – Related Party Transactions**” on page 644. We cannot assure you that our Directors and Key Managerial Personnel will exercise their rights to the benefit and best interest of our Company. As Shareholders of our Company, our Directors or Key Managerial Personnel, may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

**59. *Our Promoter, CTIPL is interested in businesses similar to ours through investments in the past, which may result in conflicts of interest.***

Our Promoter has made certain investments in the past, which, according to their charter documents engage in businesses similar to ours, which may result in conflicts of interest. For further information, see “**Our Promoter and Promoter Group**” on page 240. We cannot assure you that our Promoter will not compete with our existing business or any future business that we may undertake or that its interests will not conflict with ours. Further, in cases of conflict, there can be no assurance that our Promoter will not favour any of their interests in such other businesses. Any such future conflict, or situations where our Promoter decides to divert opportunities or conduct business through their other business interests, could have a material adverse effect on our business, reputation, results of operations, financial condition, and cash flows.

**60. *Our Statutory Auditor has included certain matters of emphasis in their auditors report on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021 and on our audited financial statements as at and for the three months period ended June 30, 2021 and certain modifications in the annexure to their auditors report under Companies (Auditors Report) Order 2016 on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021. Our Statutory Auditor has also included certain emphasis of matters in the Proforma Financial Information.***

Our Statutory Auditors have included a matter of emphasis on the management’s assessments on the impact of COVID-19 on the operations, financial performance and position of the Company for the years ended March 31, 2020 and March 31, 2021 and for the three months’ period ended June 30, 2021, in their reports on the audited financial statements for Fiscal 2020 and 2021 and for the three months’ period ended June 30, 2021, respectively. For further information, see “**Management’s Discussion and Analysis on the Financial Conditions and Results of Operations - Auditor’s Observations**” from pages 699 to 700.

In addition, our Statutory Auditors have included the following modifications in their annexure to auditors report under the Companies (Auditors Report) Order, 2016 to our underlying audited financial statements, as amended, for the following periods:

Year / Period	Clause	Statement
<b>Fiscal 2019</b>	Clause (vii)(a)	Undisputed statutory dues including provident fund, employees’ state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been significant delays in remittance of income tax in large number of cases.
<b>Fiscal 2020</b>	Clause (i)(b)	Property, plant and equipment have not been physically verified by the management during the year, hence, the Statutory Auditors are unable to comment on the discrepancies, if any.
	Clause (vii)(a)	Undisputed statutory dues including provident fund, employees state insurance, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of income tax in a few cases.



Year / Period	Clause	Statement
Fiscal 2021	Clause (i)(a)	<i>Except for tagging of property, plant and equipment, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.</i>
	Clause (vii)(a)	<i>Undisputed statutory dues including provident fund, employees state insurance, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of income tax in few cases.</i>

Further our Statutory Auditors have also included emphasis of matters in their report on our Proforma Financial Statements as below:

- *The Statutory Auditor has drawn attention to Note 5 to the Proforma Financial Information, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the future business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.*
- *The Statutory Auditor has drawn attention to Notes 1(iii) and (iv) to the Proforma Financial Information, which states that the Transferred Business is pending execution of novation/ assignment/ transfer of various contracts as stipulated in the Business and Loan Transfer Agreement and transfer of entities pursuant to Gift Deeds in relation to Capillary Technologies DMCC and Capillary Technologies (Shanghai) Co Ltd involves intimation and updation of filings with the appropriate authorities which the Management of the Company believes are procedural in nature.*
- *The Statutory Auditor has drawn attention to Note 2.2 to the Proforma Financial Information with regard to inclusion of financial information of the acquired enterprises, acquired business and transferred subsidiaries for the periods April 1, 2019 to March 31, 2020 and April 1, 2018 to March 31, 2019 in Proforma Financial Information on a voluntary basis though not required to be included as Proforma Financial Information as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Guidance note on Proforma Financial Statements issued by the Institute of Chartered Accountants of India.*

There can be no assurance that any similar remarks or matters of emphasis will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

- 61. *We propose to utilize the Net Proceeds to undertake strategic investments and acquisitions for which the target may not be identified. In the event that our Net Proceeds to be utilised towards strategic investments and acquisitions are insufficient for the cost of our proposed acquisition, we may have to seek alternative forms of funding.***

We intend to utilize ₹ 300.00 million from the Net Proceeds towards potential acquisitions and strategic initiatives. This amount is based on our management's current estimates and budgets, and our Company's historical acquisitions and strategic investments and partnerships, and other relevant considerations. As on the date of this Draft Red Herring Prospectus, we have not identified any specific targets with whom we have entered into any definitive agreements. See "***Objects of the Offer***" on page 101. We will from time to time continue to seek attractive opportunities for acquisitions that we believe will fit well with our strategic business objectives and growth strategies, and the amount of Net Proceeds to be used for acquisitions will be based on such management decisions of our management. The amounts deployed from the Net Proceeds towards such initiatives may not be the total value or cost of such acquisitions or investments, resulting in a shortfall in raising requisite capital from the Net Proceeds towards such acquisitions or investments. Consequently, we may be required to explore a range of options to raise requisite capital, including utilising our internal accruals and/or seeking debt, including from third-party lenders or institutions.

- 62. *Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval.***

We propose to utilise the Net Proceeds towards (i) repayment/prepayment of all or certain portion certain outstanding borrowings availed by our Company (including accrued interest); (ii) investment in product

development, investments in technology and other growth initiatives; (iii) strategic investments and acquisitions; and (iv) general corporate purposes. For further information of the proposed objects of the Offer, see “*Objects of the Offer*” on page 101. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act 2013, we cannot undertake any variation in the utilisation of the Net Proceeds without obtaining the shareholders’ approval through a special resolution. In the event of any such circumstances that require us to undertake a variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders’ approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders’ approval may adversely affect our business or operations.

Further, our Promoter would be required to provide an exit opportunity to Shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on the Promoter to provide an exit opportunity to such dissenting shareholders may deter the Promoter from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoter of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

**63. *Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations.***

We intend to use the Net Proceeds for the purposes described in “*Objects of the Offer*” on page 101 of this Draft Red Herring Prospectus. Our funding requirements are based on management estimates and our current business plans have not been appraised by any bank or financial institution. The deployment of the Net Proceeds will be at the discretion of our Board. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost and other financial and operational factors.

Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We may also use funds for future businesses which may have risks significantly different from what we currently face or may expect. Further, we may not be able to attract personnel with sufficient skills or sufficiently train our personnel to manage our expansion plans.

Further, while our Company intends to utilise ₹ 300.00 million for strategic investments and acquisitions, it has currently not estimated specific amounts that will be deployed towards such object. The exact amounts that will be utilised from the Net Proceeds towards funding our strategic investments and acquisitions will depend upon our business plans, market conditions, our Board’s analysis of economic trends and business requirements, competitive landscape, ability to identify and conclude inorganic acquisitions as well as general factors affecting our results of operations, financial condition and access to capital. Furthermore, our strategic investments and acquisitions could be delayed due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. Similarly, our investment in product development, investments in technology and other growth initiatives may not result in the desired growth (including in our user base) that we expect to achieve.

Accordingly, prospective investors in the Offer will need to rely upon our management’s judgment with respect to the use of proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

**64. *We are subject to transfer pricing regulations in respect of transactions with our foreign Subsidiaries.***

Indian transfer-pricing regulations require that any international transaction involving associated enterprises be at an arm’s-length price. Transactions among us and our Subsidiaries may be considered such transactions. Accordingly, we determine the pricing among our entities on the basis of detailed functional and economic

analysis involving benchmarking against transactions among entities that are not under common control. If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

**65. *Any future issuance of Equity Shares or securities convertible into Equity Shares by us or sales of Equity Shares by our Promoter could adversely affect the trading price of the Equity Shares.***

As disclosed in “*Capital Structure*” on page 88, an aggregate of 20.00% of our fully diluted post-Offer capital held by our Promoter shall be considered as minimum Promoters’ contribution and locked in for a period of 18 months and the balance Equity Shares held by the Promoter and the other pre-Offer Shareholders following the Offer will be locked-in for six months from the date of Allotment. There can be no assurance that we will not issue additional Equity Shares or that our Promoter will not sell, pledge or encumber the Equity Shares during the lock-in period. Further, pursuant to the terms of the Promoter SHA, our Promoter, which is a widely held company with several financial investors as shareholders, has agreed, to provide an exit to its share-holders including by way of a capital reduction process of its shareholding, in terms of the Promoter SHA, to facilitate a sale of its Equity Shares in our Company from time to time in accordance with applicable laws. For further details, see “*Our Promoter and Promoter Group – Details of our Promoter – Shareholders Agreement*” and “*– After the completion of the Offer, our Promoter will continue to collectively hold substantial shareholding in our Company.*” on pages 241 and 56, respectively. Such sales of Equity Shares by our Promoter could also adversely affect the trading price of the Equity Shares. Further, any future issuances of Equity Shares or convertible securities could dilute the holdings of our Shareholders and adversely affect the trading price of the Equity Shares. Such securities may also be issued at prices below the Offer Price. Such securities may also be issued at prices below the Offer Price.

**66. *Our Company has availed certain unsecured loans and over draft facilities, including from the Promoter, that may be recalled by the lender at any time and our Company may not have adequate funds to make timely payments or at all.***

Our Company has availed loans from certain banks and its Promoter, certain of which may be recalled at any time. As of November 30, 2021, the aggregate amount outstanding under such loans availed by our Company and its Subsidiaries amounted to ₹ 826.85 million. Certain of such loans may not be repayable in accordance with any agreed repayment schedule and may be recalled by the Promoter at any time. In the event that the Promoter seeks a repayment of any such unsecured loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, any such demand may materially and adversely affect our business, cash flows, financial condition and results of operations.

**67. *We have issued Equity Shares during the preceding twelve months at a price which may be below the Offer Price.***

We have issued Equity Shares in the last 12 months at a price which may be lower than the Offer Price, as set out in the table below. For further details, see “*Capital Structure – Issue of shares at a price lower than the Offer Price in the last one year*” on page 91.

The prices at which Equity Shares were issued by us in the past year should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares after listing.

**68. *Inability to maintain adequate internal controls may affect our ability to effectively manage our operations, resulting in errors or information lapses.***

As we continue to expand, our success depends on our ability to effectively utilize our resources and maintain internal controls. We may need to modify and improve our financial and management control processes, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business

needs. While we have not experienced any material failures in our internal controls, we cannot assure you that this will be the case in the future, that our current internal controls are sufficient or that we will be able to maintain adequate internal controls. If we are unable to improve our controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our operations resulting in errors or information lapses that affect our business. Our efforts in improving our internal control systems may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to manage our business in future effectively may materially and adversely be affected.

**69. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our Company has not declared dividends in the past. While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section titled “**Dividend Policy**” on page 246, the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our ability to pay dividends in the future will depend on a number of factors, including liquidity position, profits, capital requirements, financial commitments and financial requirements including business expansion plans, cost of borrowings, other corporate actions and other relevant or material factors considered relevant by our Board, and external factors, such as the state of the economy and capital markets, applicable taxes including dividend distribution tax, regulatory changes and other relevant or material factors considered relevant by our Board. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders’ investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

**70. *We currently avail benefits under certain export promotion schemes. Any failure in meeting the obligations under such schemes, may result in adversely affecting our business operations and our financial condition.***

We currently avail benefits under certain export promotion schemes introduced by the Directorate General of Foreign Trade (“**DGFT**”), Government of India, including Service Exports from India Scheme (“**SEI Scheme**”). Under SEI Scheme, the service providers of notified services are incentivised in the form of duty credit strips at specified rates on their net foreign exchange earnings. The SEIS scrips duly granted by DGFT are transferrable and can also be used for payment of a number of central duties / taxes including basic customs duty. We have, in the past, been granted SEIS scrips which we have been successfully able to transfer to third party buyers. As per the Restated Summary Statements of our Company, as of June 30, 2021 and March 31, 2021, the export incentives were nil and ₹ 49.23 million, respectively. Any reduction or withdrawal of benefits including the SEI Scheme in the future or our inability to sell the allotted SEIS scrips to prospective third parties would affect our business and financial condition.

**71. *Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. While we have implemented internal controls to ensure compliance with applicable sanctions regulations and restrictions, since we carry on business with customers with global operations, we may not have any control over whether such customers transact business with entities subject to such sanctions regimes. Although we do believe that our operations are not in violation of any applicable sanctions regimes, if it were determined that our customers are involved in transactions that are in violation of any such sanctions regimes, we could be subject to penalties, and our reputation and future business prospects could be adversely affected.

## **External Risk Factors**

### ***Risks Relating to India***

**72. *Political, economic or other factors that are beyond our control may have an adverse effect on our business, financial position, cash flows and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions particularly North America and Europe, where most of our revenue from operations is generated. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our solutions may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

**73. *Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to who we sell our products could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and, more recently, the COVID-19 virus. A worsening of the current outbreak of COVID-19 pandemic or future outbreaks of the COVID-19 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

**74. *A slowdown in economic growth in India could cause our business to suffer.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy. The Indian economy

is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy.

Other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

**75. *A downgrade in ratings of India and other jurisdictions we operate in may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing or refinance our outstanding debt. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

**76. *Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India.

Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union including trade agreements between the United Kingdom and European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global

financial markets and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

**77. *If there is any change in laws or regulations, including taxation laws, or their interpretation, such changes may significantly affect our financial statements.***

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Act, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate (on gross basis) for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Due to COVID -19 pandemic, the Government of India had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, amongst others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017.

The Finance Act, 2020 has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime. For instance, dividend distribution tax (“**DDT**”) will not be payable by a domestic company in respect of dividends declared, distributed or paid by the company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has notified the Finance Act, 2021 (“**Finance Act**”) which has introduced various amendments to taxation laws in India. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

In addition, the Government of India has recently introduced certain labour legislations which consolidate, subsume and replace numerous existing central labour legislations. For further information, see “**Key Regulations and Policies in India**” on page 211. The implementation of such laws may increase our employee costs, thereby adversely affecting our business, results of operations, cash flows and financial condition.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

**78. *If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

**79. *A third-party could be prevented from acquiring control of us post this Offer, because of anti-takeover provisions under Indian law.***

As a listed Indian entity, there are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company subsequent to completion of the Offer. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

**80. *Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Book Running Lead Managers or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.***

Our Company is a company incorporated under the laws of India and all of our Directors are located in India. A majority of our assets, our Key Managerial Personnel and officers are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India.

***Risks Relating to the Equity Shares and this Offer***

**81. *The trading volume and market price of the Equity Shares may be volatile following the Offer.***

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;



- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

**82. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers through the Book Building Process. This price will be based on numerous factors, as described under “**Basis for Offer Price**” on page 110 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to resell their Equity Shares at or above the Offer Price.

**83. *The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world.

**84. *Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax (“STT”), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax ("DDT") to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF.

Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

**85. *Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**86. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in

India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 748.

**87. *Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our Restated Summary Statements for Fiscals 2019, 2020, 2021 and the three months’ period ended June 30, 2021, are derived from our audited financial statements as at and for the years ended March 31, 2019, 2020 and 2021 which were prepared in accordance with accounting principles generally accepted in India (“**Indian GAAP**”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 (as amended), and for the three months’ period ended June 30 2021 prepared in accordance with Indian Accounting Standard 34 (Ind AS 34) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations from time to time and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India.

Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

**88. *The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and Selling Shareholder in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company and Selling Shareholder in consultation with the BRLMs through the Book Building Process. These will be based on numerous factors, including factors as described under “**Basis for Offer Price**” on page 110 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue price. For further details, see “**Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs**” on page 718. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

**89. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the submission of their Bid, and Retail Individual Investors are not permitted to withdraw their Bids after closure of the Bid/ Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the

investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

**90. *Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act 2013 a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

**91. *Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company than as a shareholder of an entity in another jurisdiction.

**92. *The requirements of being a publicly listed company may strain our resources.***

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations, which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, results of operations and financial condition. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

**93. *Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.***

The U.S. "Foreign Account Tax Compliance Act" (or "FATCA") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an

intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered “foreign passthru payments”. Under current guidance, the term “foreign passthru payment” is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered “foreign passthru payments”. The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address “foreign passthru payments” and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as “foreign passthru payments”. Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

**94. *U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.***

A foreign corporation will be treated as a passive foreign investment company (“**PFIC**”) for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are “passive assets,” which generally means that they produce passive income or are held for the production of passive income.

There can be no assurance that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company’s income and assets will vary over time, and d(ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company’s PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

## SECTION III – INTRODUCTION

### THE OFFER

The following table summarizes details of the Offer:

<b>Offer<sup>(1)</sup></b>	Up to [●] Equity Shares aggregating up to ₹ 8,500.00 million
<b>Of which:</b>	
Fresh Issue <sup>(1)(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 2,000.00 million
Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 6,500.00 million
<b>A. QIB Category<sup>(3)</sup></b>	Not less than [●] Equity Shares
<b>Of which:</b>	
Anchor Investor Portion <sup>(4)</sup>	Up to [●] Equity Shares
Balance available for allocation to QIBs, other than the Anchor Investor Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares
<b>Of which:</b>	
Available for allocation to Mutual Funds only (5% of the QIB Category (excluding the Anchor Investor Portion))	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
<b>B. Non-Institutional Category</b>	Not more than [●] Equity Shares
<b>C. Retail Category</b>	Not more than [●] Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	50,012,956 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
<b>Use of Net Proceeds</b>	See “ <b>Objects of the Offer</b> ” on page 101 for details regarding the use of proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

<sup>(1)</sup> Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.

<sup>(2)</sup> The Offer has been authorised by a resolution by our Board pursuant to its resolution dated November 20, 2021 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution dated November 24, 2021. The Selling Shareholder specifically confirm that it has authorized its participation in the Offer for Sale. Details of the authorizations issued by the Selling Shareholder are as follows:

Sr. No.	Name of the Selling Shareholder	Date of resolution by board of directors and shareholders of the Promoter	Date of consent letter	Value of Equity Shares offered for sale (in ₹ million)
1.	CTIPL	December 11, 2021 and December 20, 2021 respectively	December 22, 2021	6,500.00

The Selling Shareholder confirms that the Equity Shares being offered by it are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations.

<sup>(3)</sup> If at least 75% of the Offer cannot be Allotted to QIBs, the entire application money will be refunded forthwith. In the event aggregate demand in the QIB Category has been met, subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, in accordance with applicable laws. Under-subscription, if any, in the QIB Category (excluding the Anchor Investor Portion) will not be allowed to be met with spill-over from other categories or a combination of categories.

<sup>(4)</sup> Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added back to the QIB Category. 5% of the QIB Category (other than the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Category (other than the

*Anchor Investor Portion) and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see “Offer Procedure” and “Offer Structure” on pages 731 and 728, respectively.*

Pursuant to Rule 19(2)(b) of the SCRR, the Offer is being made for at least [●]% of the post- Offer paid-up equity share capital of our Company. Allocation in all categories, except the Anchor Investor Portion, if any, and the Retail Category, shall be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For more information, including in relation to grounds for rejection of Bids, see “Offer Structure”, “Offer Procedure” and “Terms of the Offer” on pages 728, 731 and 723, respectively.

## **SUMMARY OF RESTATED SUMMARY STATEMENTS**

*The selective information from Restated Summary Statements presented below should be read in conjunction with “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 247 and 649, respectively.*

*[The remainder of this page has been intentionally left blank]*



Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')

Restated Summary Statement of Assets and Liabilities

(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted - Refer Note 1 below)	As at March 31, 2019 (As adjusted - Refer Note 1 below)
<b>I Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant and equipment	5.80	5.85	10.57	19.54
(b) Intangible assets	3.10	3.49	4.29	2.02
(c) Right-of-use assets	11.94	17.91	123.75	28.68
(d) Financial assets				
(i) Other financial assets	88.68	87.26	75.11	54.96
(e) Non-current tax assets (net)	54.17	41.19	136.46	117.10
(f) Other non-current assets	0.96	1.72	6.13	2.63
	<b>164.65</b>	<b>157.42</b>	<b>356.31</b>	<b>224.93</b>
<b>(2) Current assets</b>				
(a) Financial assets				
(i) Trade receivables	651.14	519.10	397.38	319.73
(ii) Cash and cash equivalents	12.07	96.78	47.90	69.68
(iii) Loans	4.11	0.30	1.31	3.95
(iv) Other financial assets	15.52	23.19	37.61	71.51
(b) Other current assets	16.15	19.16	21.39	21.63
	<b>698.99</b>	<b>658.53</b>	<b>505.59</b>	<b>486.50</b>
<b>Total assets (1+2)</b>	<b>863.64</b>	<b>815.95</b>	<b>861.90</b>	<b>711.43</b>
<b>II Equity and liabilities</b>				
<b>(1) Equity</b>				
(a) Equity share capital	23.33	23.33	23.33	23.33
(b) Other equity	356.62	301.63	95.97	42.88
<b>Total equity</b>	<b>379.95</b>	<b>324.96</b>	<b>119.30</b>	<b>66.21</b>
<b>(2) Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	74.33	73.15	150.94	16.36
(ii) Lease liabilities	-	-	83.72	-
(b) Net employee defined benefit liabilities	38.76	22.54	19.62	20.86
	<b>113.09</b>	<b>95.69</b>	<b>254.28</b>	<b>37.22</b>
<b>(3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	124.33	118.15	93.18	165.27
(ii) Lease liabilities	3.19	6.12	35.89	28.68
(iii) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises	2.09	3.08	1.80	0.85
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	113.14	94.49	176.87	225.32
(iv) Other financial liabilities	20.70	66.73	63.47	89.53
(b) Net employee defined benefit liabilities	3.71	12.22	16.81	25.84
(c) Provisions	14.99	13.58	16.07	14.53
(d) Other current liabilities	88.45	80.93	84.23	57.98
	<b>370.60</b>	<b>395.30</b>	<b>488.32</b>	<b>608.00</b>
<b>Total liabilities (2+3)</b>	<b>483.69</b>	<b>490.99</b>	<b>742.60</b>	<b>645.22</b>
<b>Total equity and liabilities (1+2+3)</b>	<b>863.64</b>	<b>815.95</b>	<b>861.90</b>	<b>711.43</b>

Note 1- Prepared after making suitable Ind AS adjustments.

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')

Restated Summary Statement of Profit and Loss

(₹ in Million)				
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted - Refer Note 1 below)	For the year ended March 31, 2019 (As adjusted - Refer Note 1 below)
<b>I Income</b>				
Revenue from operations	331.66	1,149.03	1,661.23	1,731.48
Other income	3.40	70.20	1.77	12.79
Finance income	1.94	12.34	12.99	5.19
<b>Total income</b>	<b>337.00</b>	<b>1,231.57</b>	<b>1,675.99</b>	<b>1,749.46</b>
<b>II Expenses</b>				
Cost of campaign services	12.02	88.29	225.76	265.08
Professional and consultancy services	40.53	123.99	143.86	190.26
Employee benefit expenses	228.85	718.78	982.48	988.44
Depreciation and amortisation expenses	7.02	34.15	49.65	61.50
Finance costs	3.85	18.70	32.27	38.05
Other expenses	19.45	78.26	239.91	322.81
<b>Total expenses</b>	<b>311.72</b>	<b>1,062.17</b>	<b>1,673.93</b>	<b>1,866.14</b>
<b>III Restated profit/ (loss) before tax (I - II)</b>	<b>25.28</b>	<b>169.40</b>	<b>2.06</b>	<b>(116.68)</b>
<b>IV Tax expenses</b>				
(a) Current tax	-	-	-	-
(b) Deferred tax charge/ (credit)	-	-	-	-
<b>Total tax expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Restated profit/ (loss) for the period / year (III - IV)</b>	<b>25.28</b>	<b>169.40</b>	<b>2.06</b>	<b>(116.68)</b>
<b>VI Other comprehensive income</b>				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
(i) Re-measurement (losses) / gains on defined benefit plan	(5.96)	0.56	11.21	(1.10)
Income tax effect on above	-	-	-	-
<b>Restated total other comprehensive (loss) / income for the period / year (net of tax)</b>	<b>(5.96)</b>	<b>0.56</b>	<b>11.21</b>	<b>(1.10)</b>
<b>VII Restated total comprehensive income / (loss) for the period / year (net of tax) (V + VI)</b>	<b>19.32</b>	<b>169.96</b>	<b>13.27</b>	<b>(117.78)</b>
<b>VIII Restated earnings per equity share (EPS) (face value - ₹ 2 each) (refer note 2)</b>				
Basic (₹)	0.53	3.54	0.04	(2.44)
Diluted (₹)	0.53	3.54	0.04	(2.44)

Note 1 - Prepared after making suitable Ind AS adjustments.

Note 2 - Earnings per share for the three months period ended June 30, 2021 are not annualised.

**Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')**

**Restated Summary Statement of Cash Flows**

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted - Refer Note 1 below)	For the year ended March 31, 2019 (As adjusted - Refer Note 1 below)
<b>A. Cash flow from/ (used in) operating</b>				
<b>Profit / (loss) before tax</b>	<b>25.28</b>	<b>169.40</b>	<b>2.06</b>	<b>(116.68)</b>
<b>Adjustments to reconcile (loss) / profit before tax to net cash flows</b>				
Depreciation and amortisation expenses	7.02	34.15	49.65	61.50
Provision for doubtful trade receivables and advances (including bad debts written off)	0.46	-	43.47	22.95
Provision for doubtful trade receivables and advances no longer required, written back	-	(3.65)	-	-
Employee stock option expenses	35.67	35.70	39.82	67.28
Advances/ deposits written off	1.12	5.75	3.53	1.11
Net gain on modification of lease contracts	-	(8.43)	-	(1.25)
Provision/ liabilities no longer required, written back	(0.68)	-	(1.76)	(1.07)
Net foreign exchange differences	(2.97)	(8.02)	6.13	(3.80)
Gain on disposal of investments (net)	-	-	-	(0.12)
Net gain on disposal of property, plant and equipment	-	(0.55)	(0.01)	-
Finance income	(1.94)	(12.34)	(12.99)	(5.19)
Finance costs	3.85	18.70	32.27	38.05
<b>Operating profit before working capital</b>	<b>67.81</b>	<b>230.71</b>	<b>162.17</b>	<b>62.78</b>
Working capital adjustments :				
(Increase) / decrease in trade receivables	(127.17)	(114.70)	(115.83)	(15.71)
Decrease / (increase) in non-current and current other financial and other assets	7.04	29.52	20.21	(26.02)
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities and provisions	(16.84)	(90.44)	(44.48)	(18.93)
<b>Cash generated (used in) / from operations</b>	<b>(69.16)</b>	<b>55.09</b>	<b>22.07</b>	<b>2.12</b>
Direct taxes (paid) / refund	(13.41)	98.73	(16.50)	(62.41)
<b>Net cash flow (used in) / from operating activities (A)</b>	<b>(82.57)</b>	<b>153.82</b>	<b>5.57</b>	<b>(60.29)</b>

**Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')**

**Restated Summary Statement of Cash Flows**

**B. Cash flow from/ (used in) investing**

Purchase of property, plant and equipment including intangible assets	(2.33)	(6.14)	(5.68)	(21.01)
Proceeds from sale of property, plant and equipment	-	1.04	0.01	-
Proceeds of sale of current investments (net)	-	-	-	1.03
Interest income received	1.84	3.72	4.11	1.41
Investment in bank deposits (margin money deposits)	(1.42)	(23.93)	(12.74)	(41.60)
<b>Net cash used in investing activities (B)</b>	<b>(1.91)</b>	<b>(25.31)</b>	<b>(14.30)</b>	<b>(60.17)</b>

**C. Cash flow from/ (used in) financing**

Proceeds from long-term borrowings	-	-	139.28	65.00
Repayment of long-term borrowings	-	(16.37)	(65.45)	(66.93)
Payment of principal and interest portion of lease liabilities	(3.82)	(23.33)	(37.77)	(46.22)
Settlement on cancellation of share option to employees	-	-	-	(3.24)
Proceeds/ (repayment) from short term borrowings (net)	5.00	(31.81)	(23.00)	16.19
Finance costs paid	(1.41)	(8.12)	(26.11)	(27.76)
<b>Net cash used in financing activities (C)</b>	<b>(0.23)</b>	<b>(79.63)</b>	<b>(13.05)</b>	<b>(62.96)</b>

<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(84.71)</b>	<b>48.88</b>	<b>(21.78)</b>	<b>(183.42)</b>
Cash and cash equivalents at the beginning of the period/ year	96.78	47.90	69.68	253.10
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>12.07</b>	<b>96.78</b>	<b>47.90</b>	<b>69.68</b>

**Components of cash and cash equivalents**

Cash on hand (March 31, 2019: ₹2,658)	-	-	-	0.00
Balances with banks				
- On current accounts	12.07	96.78	47.90	69.68
<b>Total cash and cash equivalents</b>	<b>12.07</b>	<b>96.78</b>	<b>47.90</b>	<b>69.68</b>

**Non-cash investing activities**

Acquisition of right-of-use assets	-	-	132.00	17.21
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Note 1 - Prepared after making suitable Ind AS adjustments.

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## **SUMMARY OF PROFORMA FINANCIAL INFORMATION**

*For details on selective information from Proforma Financial Information, see “**Management’s Discussion and Analysis of Financial Condition and Results of Operations - Summary Proforma Financial Information**” on page 687 which shall be read in conjunction with “**Financial Statements**” on page 247.*

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## GENERAL INFORMATION

Our Company was originally incorporated on March 15, 2012 as a private limited company under the Companies Act, 1956, with the name “Kharagpur Technologies Private Limited”, pursuant to a certificate of incorporation granted by the RoC. The name of our Company was subsequently changed to “Capillary Technologies India Private Limited” pursuant to a special resolution passed by our Shareholders at the extra-ordinary general meeting of our Company held on June 15, 2012, and a fresh certificate of incorporation was issued by the RoC on July 26, 2012. Upon the conversion of our Company to a public limited company, pursuant to a special resolution passed by our Shareholders at the extra-ordinary general meeting of our Company held on November 9, 2021, the name of our Company was changed to “Capillary Technologies India Limited” and the RoC issued a fresh certificate of incorporation dated November 23, 2021.

**Registration Number:** 063060

**Corporate Identity Number:** U72200KA2012PLC063060

### Registered and Corporate Office

#### Capillary Technologies India Limited

#36/5, 2<sup>nd</sup> floor, Somasandra Palya

adjacent 27<sup>th</sup> Main Road, Sector 2

HSR Layout, Bengaluru 560 102

Karnataka, India

**Tel:** +91 80 416 09498

**Website:** www.capillarytech.com

For details of change in the Registered and Corporate Office of our Company, see “*History and Certain Corporate Matters – Changes in the Registered and Corporate Office*” on page 214.

### Address of the Registrar of Companies

Our Company is registered with the RoC, located at the following address:

#### Registrar of Companies, Karnataka at Bangalore

E-wing, 2<sup>nd</sup> Floor, Kendriya Sadana

Kormangala

Bangalore 560 034

Karnataka, India

### Board of Directors

The following table sets out the details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
<b>Neelam Dhawan</b> <i>Chairperson and Independent Director</i>	00871445	C3/10 DLF City Phase 1, Gurgaon, 122 002 Haryana, India
<b>Aneesh Reddy Boddu</b> <i>Executive Director and Chief Executive Officer</i>	02214511	80 RBD Stillwaters, Silver County RD, beside Harlur Lake, Bengaluru 560 102 Karnataka, India
<b>Anant Choubey</b> <i>Executive Director and Chief Operating Officer</i>	06536413	149/7 Street 1, Maitri Kunj, Bhilai, 490 006 Chattisgarh, India
<b>Farid Lalji Kazani</b> <i>Independent Director</i>	06914620	1101 Nook Apartment, S.V. Road, North Avenue, Santacruz (W), Andheri, Mumbai 400 054 Maharashtra, India
<b>Sameer Garde</b> <i>Independent Director</i>	02399137	Villa-405, Adarsh Palm Retreat, Outer Ring Road, Bellandur, Near R M, Bangalore 560 103 Karnataka, India

Name and Designation	DIN	Address
<b>Venkat Ramana Tadanki</b>	00149481	18 Canyonwood, Irvine, CA, USA, 92620
<i>Independent Director</i>		
<b>Yamini Preethi Natti</b>	06533367	A-803, Adarsh Crystal, 16 Cambridge Road, Halasuru, Bangalore 560 008 Karnataka, India
<i>Independent Director</i>		

For brief profiles and further details in respect of our Directors, see “*Our Management*” on page 223.

### Filing of the Offer Documents

A copy of this Draft Red Herring Prospectus has been filed electronically with SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by SEBI on March 27, 2020, in relation to “Easing of Operational Procedure – Division of Issues and Listing – CFD”, and has also been uploaded on the SEBI intermediary portal at siportal.sebi.gov.in as specified in Regulation 25(8) of SEBI ICDR Regulations and circular (SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013, would be filed with the RoC and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013, would be filed with the RoC at its office (address of the RoC has been mentioned below):

#### Registrar of Companies, Karnataka at Bangalore

E-wing, 2<sup>nd</sup> Floor, Kendriya Sadana  
Kormangala  
Bangalore 560 034  
Karnataka, India

#### Company Secretary and Compliance Officer

Gireddy Bhargavi Reddy is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

#### Gireddy Bhargavi Reddy

#36/5, 2<sup>nd</sup> floor  
Somasandra Palya, adjacent 27<sup>th</sup> Main Road  
Sector 2, HSR Layout, Bengaluru 560 102  
Karnataka, India  
**Tel:** +91 80416 09498  
**E-mail:** investorrelations@capillarytech.com

### Investor Grievances

Bidders may contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

All Offer related grievances, other than those of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form, and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

All Offer related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Anchor Investor Application Form number, Bidders’ DP ID,

Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

#### Book Running Lead Managers

##### **ICICI Securities Limited**

ICICI Venture House  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai 400 025  
Maharashtra, India  
**Tel:** (+ 91 22) 6807 7100  
**E-mail:** capillary.ipo@icicisecurities.com  
**Website:** www.icicisecurities.com  
**Investor Grievance E-mail:**  
customercare@icicisecurities.com  
**Contact Person:** Kristina Dias  
**SEBI Registration No.:** INM000011179

##### **Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, 27 BKC  
Plot No. C-27, 'G' Block  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Maharashtra, India  
**Tel:** (+91 22) 4336 0000  
**E-mail:** capillary.ipo@kotak.com  
**Website:** www.investmentbank.kotak.com  
**Investor Grievance E-mail:**  
kmccredressal@kotak.com  
**Contact Person:** Ganesh Rane  
**SEBI Registration No.:** INM000008704

##### **Nomura Financial Advisory and Securities (India) Private Limited**

Ceejay House, Level 11  
Plot F, Shivsagar Estate  
Dr. Annie Besant Marg, Worli  
Mumbai 400 018  
Maharashtra, India  
**Tel:** (+ 91 22) 4037 4037  
**E-mail:** capillaryipo@nomura.com  
**Website:**  
www.nomuraholdings.com/company/group/asia/india/index.html  
**Investor Grievance E-mail:** investorgrievances-in@nomura.com  
**Contact Person:** Vishal Kanjani / Kshitij Thakur  
**SEBI Registration No.:** INM000011419

#### Statement of inter-se allocation of responsibilities among the Book Running Lead Managers

The responsibilities and co-ordination by the BRLMs for various activities in this Offer are as follows:

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management, legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	I-Sec, Kotak, Nomura	I-Sec
2.	Positioning strategy, drafting of business section and industry section of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus	I-Sec, Kotak, Nomura	Kotak
3.	Drafting and approval of all statutory advertisement	I-Sec, Kotak, Nomura	I-Sec
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	I-Sec, Kotak, Nomura	Kotak
5.	Appointment of intermediaries - Registrar to the Offer and advertising agency, including coordination of all agreements to be entered into with such intermediaries	I-Sec, Kotak, Nomura	I-Sec
6.	Appointment of intermediaries - Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	I-Sec, Kotak, Nomura	Nomura
7.	Preparation of road show presentation and frequently asked questions	I-Sec, Kotak, Nomura	Nomura



<b>Sr. No.</b>	<b>Activity</b>	<b>Responsibility</b>	<b>Coordinator</b>
8.	International institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>marketing strategy;</li> <li>Finalizing the list and division of investors for one-to-one meetings; and</li> <li>Finalizing road show and investor meeting schedule</li> </ul>	I-Sec, Kotak, Nomura	Nomura
9.	Domestic institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>marketing strategy;</li> <li>Finalizing the list and division of investors for one-to-one meetings; and</li> <li>Finalizing road show and investor meeting schedule</li> </ul>	I-Sec, Kotak, Nomura	I-Sec
10.	Conduct non-institutional marketing of the Offer, which will cover, inter-alia: <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy;</li> <li>Formulating strategies for marketing to Non-Institutional Investors</li> </ul>	I-Sec, Kotak, Nomura	I-Sec
11.	Retail marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows;</li> <li>Finalising centres for holding conferences for brokers, etc.;</li> <li>Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and Finalising collection centres</li> </ul>	I-Sec, Kotak, Nomura	Kotak
12.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	I-Sec, Kotak, Nomura	Nomura
13.	Managing the book and finalization of pricing in consultation with the Company	I-Sec, Kotak, Nomura	I-Sec
14.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	I-Sec, Kotak, Nomura	Kotak

### **Syndicate Members**

[•]

### **Legal Counsel to our Company and Selling Shareholder as to Indian Law**

#### **Shardul Amarchand Mangaldas & Co**

Prestige Sterling Square  
2<sup>nd</sup> Floor, Madras Bank Road  
Off Lavelle Road  
Bengaluru 560 001  
Karnataka, India  
**Tel:** + 91 80667 49999

### **Legal Counsel to the BRLMs as to Indian Law**

#### **Cyril Amarchand Mangaldas**

3<sup>rd</sup> Floor, Prestige Falcon Towers  
19, Brunton Road  
Bengaluru 560 025  
Karnataka, India  
**Tel:** +91 80679 22000

## **International Legal Counsel to the BRLMs**

### **Hogan Lovells Lee & Lee**

50 Collyer Quay  
#10-01 OUE Bayfront  
Singapore 049 321  
**Tel:** (+65) 6538 0900

## **Registrar to the Offer**

### **Link Intime India Private Limited**

C-101, 1<sup>st</sup> Floor, 247 Park  
L.B.S. Marg  
Vikhroli (West)  
Mumbai 400 083  
Maharashtra, India  
**Tel:** (+ 91 22) 4918 6200  
**E-mail:** capillary.ipo@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Investor grievance E-mail:** capillary.ipo@linkintime.co.in  
**Contact person:** Shanti Gopalkrishnan  
**SEBI Registration No.:** INR000004058

## **Bankers to the Offer**

### **Escrow Collection Bank(s)**

[•]

### **Public Offer Account Bank**

[•]

### **Refund Bank**

[•]

### **Sponsor Bank**

[•]

## **Bankers to our Company**

### **RBL Bank Limited**

6<sup>th</sup> floor, Tower 2-B, One Indiabulls  
Senapati Bapat Marg, Mumbai 400 013  
Maharashtra, India  
**E-mail:** nafisulanwar.khan@rblbank.com  
**Website:** www.rblbank.com  
**Contact Person:** Nafisul Khan

## **Designated Intermediaries**

### **Self Certified Syndicate Banks**

The list of SCSBs, which offer ASBA related services, is available at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) on the website of SEBI, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RII using the UPI mechanism), not Bidding through Syndicate/sub-Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms is available at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34) on SEBI website, and at such other websites as may be prescribed by SEBI from time to time.

### **SCSBs eligible as issuer banks for UPI Mechanism and eligible mobile applications**

In accordance with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019 and circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 issued by the SEBI, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of SEBI ([www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively), as updated from time to time.

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investors) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of SEBI and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) as updated from time to time.

### **Broker Centres/Designated CDP Locations/Designated RTA Locations**

In accordance circular (CIR/CFD/14/2012) dated October 4, 2012 and circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 issued by the SEBI, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and at the website of SEBI at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

### **Statutory Auditors of our Company**

#### **S.R. Batliboi & Associates LLP**

12<sup>th</sup> Floor, "UB City"

Canberra Block No. 24

Vittal Mallya Road

Bengaluru 560 001

Karnataka, India

**Telephone:** +91 80 66489000

**Email:** SRBA@srb.in

**Peer Review number:** 013325

**Firm Registration number:** 101049W/E300004

### **Changes in auditors**

There has been no change in the auditors of our Company during the three years immediately preceding the date of this Draft Red Herring Prospectus.

### **Credit Rating**

As the Offer is of Equity Shares, credit rating is not required.

### **IPO Grading**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

### **Trustees**

As the Offer is of Equity Shares, the appointment of trustees is not required.

**Monitoring Agency**

Our Company will appoint a monitoring agency prior to the filing of the Red Herring Prospectus in accordance with Regulation 41 of SEBI ICDR Regulations.

**Grading of the Offer**

No credit rating agency registered with SEBI has been appointed for grading for the Offer.

**Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

**Green Shoe Option**

No green shoe option is contemplated under the Offer

**Expert**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated December 24, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 23, 2021 on our Restated Summary Statements and (ii) their report dated December 24, 2021 on the Statement of Special Tax Benefits in relation to our Company in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act of 1933, as amended.

Our Company has received written consent dated December 24, 2021 from Manian and Rao, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to their certificates with respect to the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received consent dated December 24, 2021 from ECRA Pte. Ltd., to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible tax benefits for Capillary Pte. Ltd. dated December 24, 2021 included in the Offer Documents.

Our Company has received written consent dated December 23, 2021 from Abdulaziz Panis and Shah Associates, Chartered Accountants L.L.C., to include their name as required under section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013, in respect of (i) the special purpose audited financial statements of “Capillary Technologies DMCC” as of the three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their report issued thereon; and (ii) their certificate dated December 20, 2021 on the statement of possible special tax benefits (direct and indirect) in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021 from Adi Nuron, Registered Public Accountants, Chartered Accountants and Certified Public Accountants and Kantor Akuntan Publik Tanuwijaya to include their names as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 and in respect of the special purpose audited financial statements of Capillary Indonesia as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019 and for the three months period ended June 30, 2021 and their report issued thereon, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021 from NK Associates, Chartered Accountants to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 in respect of (i) the special purpose audited financial statements of Capillary

Malaysia. as of the three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019 and their report issued thereon; and (ii) their certificate dated December 24, 2021 on the statement of possible special tax benefits (direct and indirect) available to Capillary Malaysia, in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021 from Shanghai Perfect C.P.A. Partnership, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 with respect to (i) special purpose audited financial statements of Capillary Shanghai as of three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their report issued thereon and (ii) their certificate dated on the Statement of Special Tax Benefits dated December 24, 2021 in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021, from MSKA & Associates, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in respect of special purpose audited financial statements of PLC as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, April 01, 2018 and as of the three months ended June 30, 2021, in Offer Documents and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021, from MSKA & Associates, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in respect of special purpose audited financial statements of PHI as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, April 01, 2018 and as of the three months ended June 30, 2021, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has also received consent dated December 24, 2021 from CliftonLarsonAllen LLP to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible special tax benefits included in the Offer Documents in relation to their certificate dated December 24, 2021 on the Statement of Special Tax Benefits available to our Material Subsidiary, PLC, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

### **Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and the Minimum Bid Lot will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located) at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company and the Selling Shareholder, in consultation with the BRLMs after the Bid/Offer Closing Date.

**All investors (other than Anchor Investors) can participate in this Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. In addition to this, the RIIs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism.**

**In terms of SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until the Bid/Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Investors and the Anchor Investors, allocation in the Offer will be on a proportionate basis. For further details on method and process of Bidding, see “Offer Structure” and “Offer Procedure” on pages 728 and 731, respectively.**

**The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI, which are subject to change from time to time. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

Investors should note the Offer is also subject to obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

For further details on the method and procedure for Bidding, see “*Offer Structure*” and “*Offer Procedure*” on pages 728 and 731, respectively.

### **Underwriting Agreement**

After the Pricing Date but prior to the filing of the Prospectus with the RoC, our Company and Selling Shareholder will enter into an underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.*

<b>Name, address, telephone and e-mail of the Underwriters</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (₹ in million)</b>
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of SEBI ICDR Regulations. Based on representations made by the Underwriters, our Board of Directors are of the opinion that the resources of the aforementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

## CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below:

(in ₹, except share data)			
Sr. No.	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
<b>A)</b>	<b>AUTHORIZED SHARE CAPITAL<sup>(1)</sup></b>		
	75,000,000 equity shares of face value of ₹ 2 each	150,000,000	-
	100,000 preference shares of face value of ₹ 10 each	1,000,000	-
<b>B)</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	50,012,956 Equity Shares of face value of ₹ 2 each <sup>(2)</sup>	100,025,912	[●]
<b>C)</b>	<b>OFFER</b>		
	Offer of up to [●] Equity Shares aggregating up to 8,500.00 million <sup>(3)</sup>	[●]	[●]
	<i>Of which:</i>		
	Fresh Issue of [●] Equity Shares aggregating up to ₹ 2,000.00 million <sup>(2)(3)</sup>	[●]	[●]
	Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 6,500.00 million <sup>(3)</sup>	[●]	[●]
<b>D)</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares of face value of ₹ 2 each	[●]	[●]
<b>E)</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Prior to the Offer (as on date of this Draft Red Herring Prospectus)		1,834,653,213
	After the Offer		[●]

\* To be updated upon finalisation of the Offer Price.

<sup>(1)</sup> For details in relation to changes in the authorized share capital of our Company in the last 10 years, see “History and Certain Corporate Matters – Amendments to the Memorandum of Association” on page 214.

<sup>(2)</sup> Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is undertaken, the Fresh Issue will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least [●]% of the post-Offer paid-up Equity Share capital of our Company

<sup>(3)</sup> The Offer has been authorized by our Board pursuant to its resolution dated November 20, 2021 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution dated November 24, 2021. The Selling Shareholder specifically confirm that is has authorised its participation in the Offer for Sale. See “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 708.

### Notes to Capital Structure

#### 1. Share capital history of our Company

##### (a) Equity share capital history

The following table sets forth the history of the equity share capital of our Company.

Date of allotment/ buy-back	Name(s) of allottee(s)	Reason/ nature of allotment	No. of equity shares allotted/ (bought- back)	Face value per equity share (₹)	Issue/buy- back price per equity share (₹)	Nature of consideration
March 15, 2012	5,000 equity shares each to Sridhar Bollam and Piyush Goel	Initial subscription to the Memorandum of Association	10,000	10	10.00	Cash
May 4, 2012	CTIPL (formerly Solus Investments Pte. Ltd.)	Further issue	934,138	10	10.00	Cash
May 30, 2012	CTIPL (formerly Solus Investments Pte. Ltd.)	Further issue	823,759	10	10.00	Cash
December 29, 2012	CTIPL	Further issue	64,555	10	1,810.00	Cash
July 1, 2013	CTIPL	Further issue	63,888	10	1,810.00	Cash
March 27, 2015	CTIPL	Rights issue	81,237	10	1,830.00	Cash

Date of allotment/ buy-back	Name(s) of allottee(s)	Reason/ nature of allotment	No. of equity shares allotted/ (bought- back)	Face value per equity share (₹)	Issue/buy- back price per equity share (₹)	Nature of consideration
August 10, 2015	CTIPL	Rights issue	70,522	10	1,830.01	Cash
November 20, 2015	CTIPL	Rights issue	112,413	10	1,830.00	Cash
March 25, 2016	CTIPL	Rights issue	20,153	10	1,309.98	Cash
March 31, 2016	CTIPL	Rights issue	162,714	10	1,310.00	Cash
March 23, 2017	5,000 equity shares each from Sridhar Bollam and Piyush Goel	Buy-back	(10,000)	10	10.00	Cash
August 31, 2021	CTIPL	Rights issue	58,836	10	8,840.00	Cash
October 5, 2021	One equity share each to Piyush Goel, Piyush Kumar, Subhro Chakraborty, Shandilya Adipudi and Rohan Anil Mahadar	Preferential allotment	5	10	8,840.00	Cash
November 16, 2021	See notes <sup>(1)</sup>	Preferential allotment	24,419	10	7,712.00	Cash
November 20, 2021	See notes <sup>(2)</sup>	Preferential allotment	5,920	10	7,712.00	Cash
November 20, 2021	See notes <sup>(3)</sup>	Conversion of 14,915 CCPS	17,098	10	N.A	N.A
November 26, 2021	Pursuant to a resolution passed by our Shareholders at the EGM held on November 17, 2021, our Company sub-divided its authorised equity share capital, from ₹ 10 each to ₹ 2 each on November 26, 2021 i.e., the record date.					
November 26, 2021	See notes <sup>(4)</sup>	Bonus issue	37,814,671	2	N.A.	N.A.

<sup>(1)</sup> Allotment of 958 equity shares to Aditya R Boddu, 415 equity shares to Katanguri Sudhakar Reddy, 1,297 equity shares to Sripathi Venkata Ramana Reddy, 390 equity shares to Sripathi Damodar Reddy, 1,946 equity shares to Mohan Reddy, 585 equity shares to Baradi Adarsh Reddy, 454 equity shares to Pavani Reddy, 390 equity shares to Sudheer Reddy Nalamada, 1,946 equity shares to Anant Choubey, 325 equity shares to Alok Choubey, 325 equity shares to Satish Kumar Choubey jointly with Kanti Choubey, 623 equity shares to Raghu Vishwanathan, 390 equity shares to Naveen Kumar, 844 equity shares to Lalit Sharma, 390 equity shares to Rohan Anil Mahadar, 390 equity shares to Gaurav Singh Bhadoria, 1,038 equity shares to Rajat Kothari, 520 equity shares to Arun Radhakrishnan Naikar, 390 equity shares to Siddhant Jain, 390 equity shares to Ishant Jindal, 390 equity shares to Sridhar Bollam, 649 equity shares to Mahendra Chordia, 649 equity shares to Sunil M Jain, 389 equity shares to Bill Jansen, 520 equity shares to Vijay Rayapati, 390 equity shares to Kiran Darisi, 390 equity shares to Shivanarayana Rayapati, 195 equity shares to Yamini Preethi Natti, 649 equity shares to Naresh Bhat Ullal Chavadi jointly with Sumabala Indrakanti Venkata, 390 equity shares to Chalyile Subhod Mayembeth, 390 equity shares to Keval Prabhu, 390 equity shares to Manjunath Nanjaiah, 973 equity shares to Spring Innovation Technology Private Limited, 390 equity shares to Harmeet Padhy, 2,594 equity shares to InfoSoft Global Private Limited, 585 equity shares to Indus Net Technologies Private Limited and 480 equity shares to Shanmugam Nagarajan.

<sup>(2)</sup> Allotment of 390 equity shares to Anuradha Sunil Didwania, 454 equity shares to Nagesh Satyanarayan Basavanhalli jointly with Shailaja Nagesh, 1,168 equity shares to Gopalkrishna Shanmugham, 390 equity shares to Munjaluri Nagabhushana Rao, jointly with Janaki M Rao, 1,439 equity shares to Anjali Bansal, 390 equity shares to Satyanarayana Chaitanya Peddi, 519 equity shares to Jayant Prasad Paleti, 390 equity shares to Chennamaneni Venkat Pavan Rohit, 390 equity shares to Sunil M Agarwal and 390 equity shares to Sumedha Gopalkrishna.

<sup>(3)</sup> 1,298 equity shares to Ambarish Raghuvanshi, 260 equity shares to Sameer Garde, 973 equity shares to Neelam Dhawan, 4,772 equity shares to Venkat Ramana Tadanki, 4,215 equity shares to Farid Lalji Kazani, 390 equity shares to Saikiran Krishnamurthy, 649 equity shares to Sanjiv Rangrass, 2,270 equity shares to Vikas Saluguti, 1,298 equity shares to Vivasan Associates LLP and 973 equity shares to Harminder Sahni.

<sup>(4)</sup> Allotment of 37,079,317 Equity Shares to CTIPL, 15 Equity Shares to Sridhar Bollam, 15 Equity Shares to Piyush Goel, 15 Equity Shares to Piyush Kumar, 15 Equity Shares to Subhro Chakraborty, 15 Equity Shares to Shandilya Adipudi, 6,060 Equity Shares to Rohan Anil Mahadar, 14,849 Equity Shares to Aditya R Boddu, 6,432 Equity Shares to Katanguri Sudhakar Reddy, 20,103 Equity Shares to Sripathi Venkata Ramana Reddy, 6,045 Equity Shares to Sripathi Damodar Reddy, 30,163 Equity Shares to Mohan Reddy, 9,067 Equity Shares to Baradi Adarsh Reddy, 7,037 Equity Shares to Pavani Reddy, 6,045 Equity Shares to Sudheer Reddy Nalamada, 30,163 Equity Shares to Anant Choubey, 5,037 Equity Shares to Alok Choubey, 5,037 Equity Shares to Satish Kumar Choubey jointly with Kanti Choubey, 9,656 Equity Shares to Raghu Viswanathan, 6,045 Equity Shares to Naveen Kumar, 13,082 Equity Shares to Lalit Sharma, 6,045 Equity Shares to Gaurav Singh Bhadoria, 16,089 Equity Shares to Rajat Kothari, 8,060 Equity Shares to Arun Radhakrishnan Naikar, 6,045 Equity Shares to Siddhant Jain, 6,045 Equity Shares to Ishant Jindal, 6,045 Equity Shares to Sridhar Bollam, 10,059 Equity Shares to



Mahendra Chordia, 10,059 Equity Shares to Sunil M Jain, 6,029 Equity Shares to Bill Jansen, 8,060 Equity Shares to Vijay Rayapati, 6,045 Equity Shares to Kiran Darisi, 6,045 Equity Shares to Shivanarayana Rayapati, 3,022 Equity Shares to Yamini Preethi Natti, 10,059 Equity Shares to Naresh Bhat Ullal Chavadi jointly with Sumabala Indrakanti Venkata, 6,045 Equity Shares to Chalyile Subhod Mayembeth, 6,045 Equity Shares to Keval Prabhu, 6,045 Equity Shares to Manjunath Nanjaiah, 15,081 Equity Shares to Spring Innovation Technology Private Limited, 6,045 Equity Shares to Harmeet Padhy, 40,207 Equity Shares to InfoSoft Global Private Limited, 9,067 Equity Shares to Indus Net Technologies Private Limited, 7,440 Equity Shares to Shanmugam Nagarajan, 6,045 Equity Shares to Anuradha Sunil Didwania, 7,037 Equity Shares to Nagesh Satyanarayan Basavanhalli jointly with Shailaja Nagesh, 18,104 Equity Shares to Gopalkrishna Shanmugham, 6,045 Equity Shares to Munjaluri Nagabhushana Rao, jointly with Janaki M Rao, 22,304 Equity Shares to Anjali Bansal, 6,045 Equity Shares to Satyanarayana Chaitanya Peddi, 8,044 Equity Shares to Jayant Prasad Paleti, 6,045 Equity Shares to Chennamaneni Venkat Pavan Rohit, 6,045 Equity Shares to Sunil M Agarwal, 6,045 Equity Shares to Sumedha Gopalkrishna, 20,119 Equity Shares to Ambarish Raghuvanshi, 4,030 Equity Shares to Sameer Garde, 15,081 Equity Shares to Neelam Dhawan, 73,966 Equity Shares to Venkat Ramana Tadanki, 65,332 Equity Shares to Farid Lalji Kazani, 6,045 Equity Shares to Saikiran Krishnamurthy, 10,059 Equity Shares to Sanjiv Rangrass, 35,185 Equity Shares to Vikas Saluguti, 20,119 Equity Shares to Vivasan Associates LLP and 15,081 Equity Shares to Harminder Sahni.

(b) *Preference share capital history*

The following table sets forth the history of the preference share capital of our Company.

Date of allotment/ Conversion	Name(s) of allottee(s)	Reason/ nature of allotment	No. of preference shares allotted/ (converted)	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration
October 28, 2021	1,132 CCPS to Ambarish Raghuvanshi, 227 CCPS to Sameer Garde, 849 CCPS to Neelam Dhawan, 4,163 CCPS to Venkat Ramana Tadanki, 3,677 CCPS to Farid Lalji Kazani, 340 CCPS to Saikiran Krishnamurthy, 566 CCPS to Sanjiv Rangrass, 1,980 CCPS to Vikas Saluguti, 1,132 CCPS to Vivasan Associates LLP and 849 CCPS to Harminder Sahni	Preferential allotment of CCPS	14,915	10	8,840.00	Cash
November 20, 2021	1,298 equity shares to Ambarish Raghuvanshi, 260 equity shares to Sameer Garde, 973 equity shares to Neelam Dhawan, 4,772 equity shares to Venkat Ramana Tadanki, 4,215 equity shares to Farid Lalji Kazani, 390 equity shares to Saikiran Krishnamurthy, 649 equity shares to Sanjiv Rangrass, 2,270 equity shares to Vikas Saluguti, 1,298 equity shares to Vivasan Associates LLP and 973 equity shares to Harminder Sahni	Conversion of 14,915 CCPS to equity shares	(14,915)	10	N.A.	N.A.

2. **Shares issued for consideration other than cash**

Our Company has not issued any equity shares or preference shares for consideration other than cash since its incorporation.

3. **Shares issued out of revaluation reserves**

Our Company has not issued any equity shares or preference shares out of revaluation reserves since its incorporation.

#### 4. Allotment of shares pursuant to schemes of arrangement

Our Company has not allotted any equity shares or preference shares pursuant to a scheme of amalgamation approved under Section 391 to 394 of the Companies Act 1956 or Sections 230 to 234 of the Companies Act 2013.

#### 5. Issue of equity shares under employee stock option schemes

Our Company, pursuant to the resolutions passed by our Board and Shareholders in its meetings, each dated October 29, 2021, adopted the Capillary Employees Stock Option Scheme – 2021 and was subsequently amended by way of resolution of our Shareholders in its meeting dated November 30, 2021. Our Company has not issued any equity shares under ESOP 2021 as on the date of this Draft Red Herring Prospectus.

#### 6. Issue of shares at a price lower than the Offer Price in the last one year

Except as disclosed below, our Company has not issued any equity shares or preference shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price:

Date of allotment	Name(s) of allottee(s)	Reason/ nature of allotment	No. of equity/ preference shares allotted	Face value per equity/ preference share (₹)	Issue price per equity/ preference share (₹)	Nature of consideration
August 31, 2021	CTIPL	Rights issue of equity shares	58,836	10	8,840.00	Cash
October 5, 2021	One equity share each to Piyush Goel, Piyush Kumar, Subhro Chakraborty, Shandilya Adipudi and Rohan Anil Mahadar	Preferential allotment of equity shares	5	10	8,840.00	Cash
October 28, 2021	1,132 CCPS to Ambarish Raghuvanshi, 227 CCPS to Sameer Garde, 849 CCPS to Neelam Dhawan, 4,163 CCPS to Venkat Ramana Tadanki, 3,677 CCPS to Farid Lalji Kazani, 340 CCPS to Saikiran Krishnamurthy, 566 CCPS to Sanjiv Rangrass, 1,980 CCPS to Vikas Salugutu, 1,132 CCPS to Vivasan Associates LLP and 849 CCPS to Harminder Sahni	Preferential allotment of CCPS	14,915	10	8,840.00	Cash
November 16, 2021	See notes <sup>(1)</sup>	Preferential allotment of equity shares	24,419	10	7,712.00	Cash
November 20, 2021	See notes <sup>(2)</sup>	Preferential allotment of equity shares	5,920	10	7,712.00	Cash
November 20, 2021	See notes <sup>(3)</sup>	Conversion of 14,915 CCPS	17,098	10	N.A.	N.A.
November 26, 2021	See notes <sup>(4)</sup>	Bonus issue of equity shares	37,814,671	2	N.A.	N.A.

<sup>(1)</sup> Allotment of 958 equity shares to Aditya R Boddu, 415 equity shares to Katanguri Sudhakar Reddy, 1,297 equity shares to Sripathi Venkata Ramana Reddy, 390 equity shares to Sripathi Damodar Reddy, 1,946 equity shares to Mohan Reddy, 585 equity shares to Baradi Adarsh Reddy, 454 equity shares to Pavani Reddy, 390 equity shares to Sudheer Reddy Nalamada, 1,946 equity shares to Anant Choubey, 325 equity shares to Alok Choubey, 325 equity shares to Satish Kumar Choubey jointly with Kanti Choubey, 623 equity shares to Raghu Vishwanathan, 390 equity shares to Naveen Kumar, 844 equity shares to Lalit Sharma, 390 equity shares to Rohan Anil Mahadar, 390 equity shares to Gaurav Singh Bhadoria, 1,038 equity shares to Rajat Kothari, 520 equity shares to Arun Radhakrishnan Naikar, 390 equity shares to Siddhant Jain, 390 equity shares to Ishant Jindal, 390 equity shares to Sridhar Bollam, 649 equity shares to Mahendra Chordia, 649 equity shares to Sunil M Jain, 389 equity shares to Bill Jansen, 520 equity shares to Vijay Rayapati, 390

equity shares to Kiran Darisi, 390 equity shares to Shivanarayana Rayapati, 195 equity shares to Yamini Preethi Natti, 649 equity shares to Nareesh Bhat Ullal Chavadi jointly with Sumabala Indrakanti Venkata, 390 equity shares to Chalyile Subhod Mayembeth, 390 equity shares to Keval Prabhu, 390 equity shares to Manjunath Nanjaiah, 973 equity shares to Spring Innovation Technology Private Limited, 390 equity shares to Harmeet Padhy, 2,594 equity shares to InfoSoft Global Private Limited, 585 equity shares to Indus Net Technologies Private Limited and 480 equity shares to Shanmugam Nagarajan.

- (2) Allotment of 390 equity shares to Anuradha Sunil Didwania, 454 equity shares to Nagesh Satyanarayan Basavanhalli jointly with Shailaja, 1,168 equity shares to Gopalkrishna Shanmugham, 390 equity shares to Munjaluri Nagabhushana Rao, jointly with Janaki M Rao, 1,439 equity shares to Anjali Bansal, 390 equity shares to Satyanarayana Chaitanya Peddi, 519 equity shares to Jayant Prasad Paleti, 390 equity shares to Chennamaneni Venkat Pavan Rohit, 390 equity shares to Sunil M Agarwal and 390 equity shares to Sumedha Gopalkrishna.
- (3) 1,298 equity shares to Ambarish Raghuvanshi, 260 equity shares to Sameer Garde, 973 equity shares to Neelam Dhawan, 4,772 equity shares to Venkat Ramana Tadanki, 4,215 equity shares to Farid Lalji Kazani, 390 equity shares to Saikiran Krishnamurthy, 649 equity shares to Sanjiv Rangrass, 2,270 equity shares to Vikas Saluguti, 1,298 equity shares to Vivasan Associates LLP and 973 equity shares to Harminder Sahni.
- (4) Allotment of 37,079,317 Equity Shares to CTIPL, 15 Equity Shares to Sridhar Bollam, 15 Equity Shares to Piyush Goel, 15 Equity Shares to Piyush Kumar, 15 Equity Shares to Subhro Chakraborty, 15 Equity Shares to Shandilya Adipudi, 6,060 Equity Shares to Rohan Anil Mahadar, 14,849 Equity Shares to Aditya R Boddu, 6,432 Equity Shares to Katanguri Sudhakar Reddy, 20,103 Equity Shares to Sripathi Venkata Ramana Reddy, 6,045 Equity Shares to Sripathi Damodar Reddy, 30,163 Equity Shares to Mohan Reddy, 9,067 Equity Shares to Baradi Adarsh Reddy, 7,037 Equity Shares to Pavani Reddy, 6,045 Equity Shares to Sudheer Reddy Nalamada, 30,163 Equity Shares to Anant Choubey, 5,037 Equity Shares to Alok Choubey, 5,037 Equity Shares to Satish Kumar Choubey jointly with Kanti Choubey, 9,656 Equity Shares to Raghu Viswanathan, 6,045 Equity Shares to Naween Kumar, 13,082 Equity Shares to Lalit Sharma, 6,045 Equity Shares to Gaurav Singh Bhadoria, 16,089 Equity Shares to Rajat Kothari, 8,060 Equity Shares to Arun Radhakrishnan Naikar, 6,045 Equity Shares to Siddhant Jain, 6,045 Equity Shares to Ishant Jindal, 6,045 Equity Shares to Sridhar Bollam, 10,059 Equity Shares to Mahendra Chordia, 10,059 Equity Shares to Sunil M Jain, 6,029 Equity Shares to Bill Jansen, 8,060 Equity Shares to Vijay Rayapati, 6,045 Equity Shares to Kiran Darisi, 6,045 Equity Shares to Shivanarayana Rayapati, 3,022 Equity Shares to Yamini Preethi Natti, 10,059 Equity Shares to Nareesh Bhat Ullal Chavadi jointly with Sumabala Indrakanti Venkata, 6,045 Equity Shares to Chalyile Subhod Mayembeth, 6,045 Equity Shares to Keval Prabhu, 6,045 Equity Shares to Manjunath Nanjaiah, 15,081 Equity Shares to Spring Innovation Technology Private Limited, 6,045 Equity Shares to Harmeet Padhy, 40,207 Equity Shares to InfoSoft Global Private Limited, 9,067 Equity Shares to Indus Net Technologies Private Limited, 7,440 Equity Shares to Shanmugam Nagarajan, 6,045 Equity Shares to Anuradha Sunil Didwania, 7,037 Equity Shares to Nagesh Satyanarayan Basavanhalli jointly with Shailaja Nagesh 18,104 Equity Shares to Gopalkrishna Shanmugham, 6,045 Equity Shares to Munjaluri Nagabhushana Rao, jointly with Janaki M Rao, 22,304 Equity Shares to Anjali Bansal, 6,045 Equity Shares to Satyanarayana Chaitanya Peddi, 8,044 Equity Shares to Jayant Prasad Paleti, 6,045 Equity Shares to Chennamaneni Venkat Pavan Rohit, 6,045 Equity Shares to Sunil M Agarwal, 6,045 Equity Shares to Sumedha Gopalkrishna, 20,119 Equity Shares to Ambarish Raghuvanshi, 4,030 Equity Shares to Sameer Garde, 15,081 Equity Shares to Neelam Dhawan, 73,966 Equity Shares to Venkat Ramana Tadanki, 65,332 Equity Shares to Farid Lalji Kazani, 6,045 Equity Shares to Saikiran Krishnamurthy, 10,059 Equity Shares to Sanjiv Rangrass, 35,185 Equity Shares to Vikas Saluguti, 20,119 Equity Shares to Vivasan Associates LLP and 15,081 Equity Shares to Harminder Sahni.

## 7. History of the share capital held by our Promoter

As on the date of this Draft Red Herring Prospectus, our Promoter, CTIPL, together with its nominee, holds 49,040,407 Equity Shares, constituting 98.06% of the issued, subscribed and paid-up Equity Share capital of our Company.

The details regarding shareholding of our Promoter is set out below:

S. No.	Name of the Promoter	Pre-Offer		Post-Offer <sup>(1)</sup>	
		No. of Equity Shares	Percentage of total Shareholding (%)	No. of Equity Shares	Percentage of total Shareholding (%)
1.	CTIPL	49,040,407 <sup>(2)</sup>	98.06	[●]	[●]

<sup>(1)</sup> Subject to finalisation of Basis of Allotment

<sup>(2)</sup> Includes 20 Equity Shares held by Sridhar Bollam as a nominee of our Promoter

### (a) Build-up of our Promoter's shareholding in our Company

The build-up of the equity shareholding of our Promoter since incorporation of our Company is set forth in the table below.

Date of allotment / Transfer	Nature of allotment / acquisition	No. of equity shares	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of pre-Offer equity share capital (%)	Percentage of post-Offer equity share capital (%)
May 4, 2012	Further issue	934,138	Cash	10	10.00	1.87	[●]
May 30, 2012	Further issue	823,759	Cash	10	10.00	1.65	[●]

Date of allotment / Transfer	Nature of allotment / acquisition	No. of equity shares	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of pre- Offer equity share capital (%)	Percentage of post- Offer equity share capital (%)
December 29, 2012	Further issue	64,555	Cash	10	1,810.00	0.13	[●]
July 1, 2013	Further issue	63,888	Cash	10	1,810.00	0.13	[●]
March 27, 2015	Rights issue	81,237	Cash	10	1,830.00	0.16	[●]
August 10, 2015	Rights issue	70,522	Cash	10	1,830.01	0.14	[●]
November 20, 2015	Rights issue	112,413	Cash	10	1,830.00	0.22	[●]
March 25, 2016	Rights issue	20,153	Cash	10	1,309.98	0.04	[●]
March 31, 2016	Rights issue	162,714	Cash	10	1,310.00	0.33	[●]
September 30, 2016	Transfer from CTIPL to Abhijeet Vijayvergiya as a nominee of CTIPL	(1)	N.A.	10	N.A.	Negligible	[●]
August 20, 2021	Transfer from Abhijeet Vijayvergiya to Sridhar Bollam as a nominee of CTIPL	(1)	N.A.	10	N.A.	Negligible	[●]
August 31, 2021	Rights issue	58,836	Cash	10	8,840.00	0.12	[●]
November 26, 2021	Pursuant to a resolution passed by our Shareholders at the EGM held on November 17, 2021, our Company sub-divided its authorised equity share capital, from ₹ 10 each to ₹ 2 each on November 26, 2021 i.e., the record date.						
November 26, 2021	Bonus issue	37,079,332 <sup>(1)</sup>	N.A.	2	N.A.	74.14	[●]
<b>Total</b>		<b>49,040,407<sup>(2)</sup></b>				<b>98.06</b>	<b>[●]</b>

<sup>(1)</sup> Includes one equity share held by Sridhar Bollam as a nominee of our Promoter

<sup>(2)</sup> Includes one equity share held by Sridhar Bollam as a nominee of our Promoter. Pursuant to the sub-division of our equity shares on November 17, 2021 and the bonus issue on November 26, 2021, Sridhar Bollam holds 20 Equity Shares as a nominee of our Promoter

**(b) Equity shareholding of our Promoter Group (other than our Promoter) and directors of our Promoter**

None of the members of the Promoter Group (other than our Promoter) or directors of our Promoter hold any Equity Shares as of the date of this Draft Red Herring Prospectus.

**(c) Details of Promoter's contribution locked-in for eighteen months**

Pursuant to Regulation 14(1) and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter shall be considered as minimum promoter's contribution and locked-in for a period of eighteen months from the date of Allotment ("**Promoter's Contribution**").

Details of the Equity Shares to be locked-in for eighteen months from the date of Allotment as minimum Promoter's Contribution are set forth in the table below.

Name of Promoter	Date of allotment / acquisition	Nature of the allotment	Face value per Equity Share (₹)	Issue/ Acquisition price per Equity Share (₹)	No. of Equity Shares Locked-in <sup>(1)</sup>	Percentage of the pre- Offer paid-up capital on a fully diluted basis (%)	Percentage of the post Offer paid-up capital on a fully diluted basis (%)
CTIPL	[●]	[●]	[●]	[●]	[●]	[●]	[●]
<b>Total</b>					[●]	[●]	[●]

<sup>(1)</sup> For a period of eighteen months from the date of Allotment.

<sup>(2)</sup> To be completed prior to filing of the Prospectus with the RoC.

Our Promoter has given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as the Promoter's Contribution. Our Promoter has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's Contribution from the date of filing of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

For details on the build – up of the Equity Share capital held by our Promoter, see “- *History of the share capital held by our Promoter - Build-up of our Promoter's shareholding in our Company*” on page 92.

The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from the person defined as ‘promoter’ under the SEBI ICDR Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- (i) The Equity Shares offered for Promoter's Contribution do not include Equity Shares acquired in the three immediately preceding years (a) for consideration other than cash, and revaluation of assets or capitalisation of intangible assets; or (b) have resulted from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus issue against Equity Shares, which are otherwise ineligible for computation of Promoter's Contribution;
- (ii) The Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Our Company has not been formed by conversion of one or more partnership firms or a limited liability partnership firm;
- (iv) The Equity Shares forming part of the Promoter's Contribution are not subject to any pledge with any creditor; and
- (v) All the Equity Shares held by the Promoters are held in dematerialised form.

#### 8. Other lock-in requirements

- (i) In addition to Promoter's Contribution locked in for eighteen months as specified above, and pursuant to Regulations 16(1)(b) and 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked in for a period of six months from the date of Allotment, except for the Equity Shares successfully transferred as a part of the Offer for Sale and any other categories of shareholding exempted under Regulation 17 of SEBI ICDR Regulations;
- (ii) Pursuant to Regulation 22 of the SEBI ICDR Regulations, (a) the Equity Shares held by our Promoter, which are locked-in may be transferred to and among the members of our promoter group or to any new promoters of our Company, and (b) the Equity Shares held by persons other than our Promoter and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations;
- (iii) Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by our Promoter, which are locked-in for a period of eighteen months from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking

finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans;

- (iv) Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by our Promoter which are locked-in for a period of six months from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans; and
- (v) Any Equity Shares allotted to Anchor Investors pursuant to the Offer under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

## 9. Our shareholding pattern

Set forth below is the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category y (I)	Category of the Shareholder (II)	No. of Shareholder s (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equit y Share s held (V)	No. of Equity Shares underlyin g Depositor y Receipts (VI)	Total No. Equity Shares held (VII) = (IV)+(V)+ (VI)	Shareholdin g as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)		No. of Equity Shares underlying outstandin g convertible securities (including Warrants) (X)	Shareholdin g as a % assuming full conversion of convertible securities (as a % of diluted share capital) (XI)=(VII)+ (X) as a % of (A+B+C2)	Number of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialize d form (XIV)
								No. of Voting Rights (X)	Total as a % of total votin g rights			No . (a)	As a % of total Equit y Share s held (b)	No . (a)	As a % of total Equit y Share s held (b)	
Total																
(A)	Promoter & Promoter Group	1	49,040,407 <sup>(1)</sup>	-	-	49,040,407 <sup>(1)</sup>	98.06	49,040,407 <sup>(1)</sup>	98.06	-	98.06	-	-	-	-	49,040,407 <sup>(1)</sup>
(B)	Public	61	972,549	-	-	972,549	1.94	972,549	1.94	-	1.94	-	-	-	-	809,862
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1)	Shares underlying Custodian/Depositor y Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Shares held by Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)+(B)+(C)		62 <sup>(2)</sup>	50,012,956	-	-	50,012,956	100	50,012,956	100	-	100	-	-	-	-	49,850,269

<sup>(1)</sup> Includes 20 Equity Shares held by Sridhar Bollam as a nominee of our Promoter

<sup>(2)</sup> Excludes Sridhar Bollam as the nominee shareholder of our Promoter

10. The BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

**11. Shareholding of our Directors and Key Managerial Personnel in our Company**

Except as set out below, none of our Directors or Key Managerial Personnel hold any Equity Shares in our Company.

S. No.	Name of the Director or KMP	Pre-Offer	
		Number of Equity Shares	Percentage of Equity Share capital (%)
1.	Venkat Ramana Tadanki	97,826	0.20
2.	Farid Lalji Kazani	86,407	0.17
3.	Anant Choubey	39,893	0.08
4.	Neelam Dhawan	19,946	0.04
5.	Mahendra Chordia	13,304	0.03
6.	Sameer Garde	5,330	0.01
7.	Yamini Preethi Natti	3,997	0.01
8.	Piyush Kumar	20	Negligible
9.	Piyush Goel	20	Negligible
10.	Subhro Chakraborty	20	Negligible

**12. Details of shareholding of the major Shareholders of our Company**

- (a) As on the date of this Draft Red Herring Prospectus, our Company has 62 holders of Equity Shares.
- (b) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as on date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of Equity Share capital (%)
1.	CTIPL	49,040,407 <sup>(1)</sup>	98.06
	<b>Total</b>	<b>49,040,407<sup>(1)</sup></b>	<b>98.06</b>

<sup>(1)</sup> Includes 20 Equity Shares held by Sridhar Bollam as a nominee of our Promoter

- (c) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of 10 days prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of Equity Share capital (%)
1.	CTIPL	49,040,407 <sup>(1)</sup>	98.06
	<b>Total</b>	<b>49,040,407<sup>(1)</sup></b>	<b>98.06</b>

<sup>(1)</sup> Includes 20 Equity Shares held by Sridhar Bollam as a nominee of our Promoter

- (d) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of equity shares	Percentage of equity share capital (%)
1.	CTIPL	2,333,379 <sup>(1)</sup>	100.00
	<b>Total</b>	<b>2,333,379</b>	<b>100.00</b>

<sup>(1)</sup> Includes one equity share held by Abhijeet Vijayvergiya as a nominee of our Promoter

- (e) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of two years prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of equity shares	Percentage of equity share capital (%)
1.	CTIPL	2,333,379 <sup>(1)</sup>	100.00
	<b>Total</b>	<b>2,333,379</b>	<b>100.00</b>



<sup>(1)</sup> Includes one equity share held by Abhijeet Vijayvergiya as a nominee of our Promoter

### 13. Employee stock option scheme

Our Company, pursuant to the resolutions passed by our Board and Shareholders in its meetings, each dated October 29, 2021, adopted the Capillary Employees Stock Option Scheme – 2021 (“**ESOP 2021**”) and was subsequently amended by way of resolution of our Board and Shareholders in its meetings, each dated November 26, 2021 and November 30, 2021 respectively.

As on the date of this Draft Red Herring Prospectus, under ESOP 2021, out of the total 7,175,000 options, 3,677,241 options have been granted and no options have vested or exercised.

The following table sets forth the particulars of the ESOP 2021, including options granted as on the date of this Draft Red Herring Prospectus.

Particulars	Details*				
	Fiscal 2019	Fiscal 2020	Fiscal 2021	From April 1, 2021 until June 30, 2021	From July 1, 2021 till date of DRHP
Total options outstanding as at the beginning of the period	N.A.	N.A.	N.A.	N.A.	Nil
Total options granted	N.A.	N.A.	N.A.	N.A.	3,677,241
Exercise price of options in ₹ (as on the date of grant options)	N.A.	N.A.	N.A.	N.A.	Nil
Options forfeited/ lapsed/ cancelled	N.A.	N.A.	N.A.	N.A.	Nil
Variation of terms of options	N.A.	N.A.	N.A.	N.A.	N.A.
Money realized by exercise of options in ₹	N.A.	N.A.	N.A.	N.A.	Nil
Total number of options outstanding in force	N.A.	N.A.	N.A.	N.A.	3,677,241
Total options vested (excluding the options that have been exercised)	N.A.	N.A.	N.A.	N.A.	Nil
Options exercised (since implementation of the ESOP 2021)	N.A.	N.A.	N.A.	N.A.	Nil
The total number of equity shares arising as a result of exercise of granted options (including options that have been exercised)	N.A.	N.A.	N.A.	N.A.	Nil
Employee wise details of options granted to:					
(i) Key managerial personnel					
Aneesh Reddy Boddu	Nil	Nil	Nil	Nil	949,720
Anant Choubey	Nil	Nil	Nil	Nil	274,113
Piyush Goel	Nil	Nil	Nil	Nil	131,157
Subhro Chakraborty	Nil	Nil	Nil	Nil	68,684
Piyush Kumar	Nil	Nil	Nil	Nil	53,652
Mahendra Chordia	Nil	Nil	Nil	Nil	46,508
Gireddy Bhargavi Reddy	Nil	Nil	Nil	Nil	1,508
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year					
Abhay Deshpande	Nil	Nil	Nil	Nil	1,254,000
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant					
Abhay Deshpande	Nil	Nil	Nil	Nil	1,254,000
Aneesh Reddy Boddu	Nil	Nil	Nil	Nil	949,720
Diluted earnings per share pursuant to the issue of equity shares on exercise of options in accordance with the applicable accounting standard on ‘Earnings Per Share’	Not applicable since our Company granted employee stock options to its employees after the last audited balance sheet date				
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so	Employee stock options were granted post the last audited financial statements and the fair valuation is yet to be obtained				

Particulars	Details*				
	Fiscal 2019	Fiscal 2020	Fiscal 2021	From April 1, 2021 until June 30, 2021	From July 1, 2021 till date of DRHP
computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of our Company and on the earnings per share of our Company					
Description of the pricing formula and the method and significant assumptions used to estimate the fair value of options granted during the year, including weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	Employee stock options were granted post the last audited financial statements and the fair valuation is yet to be obtained				
Impact on the profits and on the earnings per share of the last three years if the accounting policies specified in the SEBI SBEB Regulations had been followed, in respect of options granted in the last three years	Not applicable as the employee stock options were granted post the last audited financials date				
Intention of key managerial personnel and whole-time directors who are holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of equity shares pursuant to the Offer	The Key Managerial Personnel have no intention to sell Equity Shares allotted on the exercise of their options post listing of the equity shares of our Company				
Intention to sell equity shares arising out of the ESOP 2021 within three months after the listing of equity shares by directors, senior managerial personnel and employees having equity shares arising out of ESOP 2021, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Our Directors, senior managerial personnel and employees have no intention to sell Equity Shares allotted on the exercise of their options post listing of the equity shares of our Company				

\* As certified by Manian and Rao, Chartered Accountants by way of their certificate dated December 24, 2021.

14. None of our Promoter, the directors of our Promoter, our Directors or their relatives have sold or purchased any equity shares of our Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.
15. There have been no financing arrangements whereby our Promoter, the directors of our Promoter, our Directors or their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
16. Our Company, our Directors and the BRLMs have not entered into any buy-back or other arrangements for purchase of Equity Shares being offered through this Offer from any person.
17. No person connected with the Offer, including our Company, the Selling Shareholder, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
18. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares to be issued pursuant to the Offer shall be fully paid-up at the time of Allotment.
19. Except for outstanding options granted pursuant to ESOP 2021, our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
20. Except for issuance of Equity Shares pursuant to (i) exercise of options granted under ESOP 2021, and (ii) the Fresh Issue, there will be no further issuance of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from

the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

21. Except for (i) the Pre-IPO Placement; (ii) issuance of any Equity Shares pursuant to exercise of options granted under ESOP 2021; or (iii) the Fresh Issue, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or by issue of bonus or rights or further public issue of Equity Shares. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.
22. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
23. The BRLMs and any associates of the BRLMs (except for Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs) shall not apply in the Offer under the Anchor Investor Portion. Further, no person related to the Promoters or the Promoter Group shall apply in the Offer under the Anchor Investor Portion.

## OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue of up to [●] Equity Shares, aggregating up to ₹ 2,000.00 million by our Company and an Offer for Sale of up to [●] Equity Shares, aggregating up to ₹ 6,500.00 million by the Selling Shareholder.

### Offer for Sale

The Selling Shareholder will be entitled to the proceeds of the Offer for Sale after deducting its proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. For details of the Selling Shareholder, including the aggregate amount of Offer for Sale by the Selling Shareholder, see “*Other Regulatory and Statutory Disclosures – Authority for the Offer – Approvals from the Selling Shareholder*” on page 708.

### Fresh Issue

Our Company proposes to utilize the Net Proceeds towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. Repayment/prepayment of all or certain portion of outstanding borrowings availed by our Company (including accrued interest);
2. Investment in product development, investments in technology and other growth initiatives;
3. Strategic investments and acquisitions; and
4. General corporate purposes.

In addition, we expect to achieve the benefit of listing of our Equity Shares on the Stock Exchanges.

The main objects of our Memorandum of Association enables our Company to undertake its existing activities which are proposed to be funded from the Net Proceeds of the Fresh Issue. Further, the activities proposed to be funded from the Net Proceeds would be permitted under the main objects set out in our Memorandum of Association.

### Net Proceeds

The details of the Net Proceeds are summarised in the table below:

(in ₹ million)	
Particulars	Estimated Amount
Gross proceeds of the Fresh Issue <sup>(1)</sup>	Up to 2,000.00
Less: Offer expenses to the extent applicable to the Fresh Issue (only those apportioned to our Company) <sup>(2)</sup>	[●] <sup>(2)</sup>
<b>Net Proceeds</b>	<b>[●]<sup>(3)</sup></b>

<sup>(1)</sup> Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced by the amount raised from the Pre-IPO Placement and the minimum Offer size shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Company subject to compliance with Rule 19(2)(b) of the SCRR. The proceeds from such Pre-IPO Placement will be accordingly deducted from the Net Proceeds and will not be subject to monitoring of funds by the Monitoring Agency. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus.

<sup>(2)</sup> See “- Offer Related Expenses” below.

<sup>(3)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

### Proposed schedule of Implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

(in ₹ million)

Sr. No	Particulars	Total estimated amount/ expenditure	Estimated amount to be deployed from the Net Proceeds in		
			Financial Year 2023	Financial Year 2024	Financial Year 2025
1.	Repayment/prepayment of all or certain portion of outstanding borrowings availed by our Company (including accrued interest)	419.95	377.77	42.18	-
2.	Investment in product development, investments in technology and other growth initiatives	720.00	-	-	-
3.	Strategic investments and acquisitions	300.00	-	-	-
4.	General corporate purposes <sup>(1)</sup>	[●]	[●]	[●]	[●]
<b>Total Net Proceeds</b>		[●]	[●]	[●]	[●]

<sup>(1)</sup> To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25.00% of the Net Proceeds.

Since the Net Proceeds are proposed to be utilized towards the purposes set forth above, and not for implementing any specific project, a schedule of deployment of funds in relation to the Objects has not been provided except for repayment/prepayment of certain outstanding borrowings of our Company. We intend to deploy the Net Proceeds towards the Objects (including towards general corporate purposes) over the next three Financial Years after listing of the Equity Shares pursuant to the Offer, in accordance with the business needs of our Company. However, the actual deployment of funds will depend on a number of factors, including the timing of completion of the Offer, market conditions, our Board's analysis of economic trends and business requirements, ability to identify and consummate proposed investments and acquisitions, competitive landscape, as well as general factors affecting our results of operations, financial condition and access to capital. Depending upon such factors, we may have to reduce or extend the deployment period for the stated Objects beyond the estimated three Financial Years, at the discretion of our management, and in accordance with applicable laws. For details, see ***“Risk Factors – Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders’ approval”*** and ***“Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations.”*** on page 59.

Our Company proposes to deploy the entire Net Proceeds towards the aforementioned Objects. If the Net Proceeds are not utilized (in full or in part) for the Objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

In case of any surplus after utilization of the Net Proceeds towards the aforementioned Objects, we may use such surplus towards general corporate purposes, provided that the total amount to be utilized towards general corporate purposes does not exceed 25.00% of the Net Proceeds from the Offer in accordance with applicable law. Further, in case of any variations in the actual utilisation of funds earmarked towards the Objects set forth above, then any increased fund requirements for a particular Object may be financed by surplus funds (subject to utilisation towards general corporate purposes does not exceed 25.00% of the Net Proceeds from the Offer), if any, available in respect of the other Objects for which funds are being raised in this Offer, in accordance with the SEBI ICDR Regulations and in compliance with the objectives as set out under ***“Objects of the Offer - Details of the Objects of the Fresh Issue – General Corporate Purposes”*** below.

#### Details of the Objects

1. ***Repayment/prepayment of all or certain portion of outstanding borrowings availed by our Company (including accrued interest)***

Our Company has entered into various borrowing arrangements with banks and financial institutions including borrowings in the form of working capital facilities. For details of these financing arrangements including indicative terms and conditions, see ***“Financial Indebtedness”*** on page 646. As at November 30, 2021, our Company had total outstanding borrowings of ₹ 456.95 million.

Our Company intends to utilize an estimated amount of ₹ 419.95 million from the Net Proceeds towards repayment or prepayment of all or a portion of certain outstanding borrowings availed by our Company. We believe that such repayment or prepayment will help reduce our outstanding indebtedness and debt servicing costs and enable utilization of the internal accruals for further investment towards business growth and expansion. In

addition, we believe that this would improve our ability to raise further resources in the future to fund potential business development opportunities.

The selection of borrowings proposed to be prepaid or repaid amongst our borrowing arrangements availed will be based on various factors, including (i) cost of the borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay/ repay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of such conditions, (iii) receipt of consents for prepayment from the respective lenders, (iv) terms and conditions of such consents and waivers, (v) provisions of any laws, rules and regulations governing such borrowings, and (vi) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

The following table provides details of certain loans and facilities availed by us as at November 30, 2021 out of which we propose to repay or prepay, in full or in part, any or all of the below mentioned loans and/or facilities, an amount aggregating up to ₹ 419.95 million from the Net Proceeds:

Sr. No.	Name of the lender*	Nature of loan facility availed	Tenure	Sanctioned amount as on November 30, 2021 (₹ in million)	Loan amount outstanding as on November 30, 2021 <sup>(1)</sup> (₹ in million)	Rate of interest as on November 30, 2021	Repayment schedule	Prepayment penalty	Purpose for which the loan was sanctioned <sup>(1)</sup>
1.	RBL Bank Limited	Sales invoice discounting	Three months from disbursement	100.00	56.34	3M MCLR + 0.65% p.a.	On demand	N.A.	Working capital requirements
2.	RBL Bank Limited	Overdraft against Fixed Deposit	12 months	100.00	96.52	6M MCLR + 0.50% p.a.	On demand	N.A.	Working capital requirements
3.	RBL Bank Limited	Post-shipment credit	Four months from disbursement	100.00	99.33	3M MCLR + 0.65% p.a.	On demand	N.A.	Working capital requirements
4.	Innoven Capital India Private Limited	Fixed rate rupee term loan	Maturity date is June 1, 2023	215.00	204.76	14.35% p.a.	Principal amount will be amortized on a monthly basis in equal installments starting November 1, 2021	Prepayment not permitted till July 31, 2022. Prepayment thereafter permitted with a 3% prepayment charge. Borrower must provide at least 21 days prior notice of the intention to prepay	General corporate purposes*
<b>Total</b>				<b>515.00</b>	<b>456.95</b>				

\*Investments made in CPL

<sup>(1)</sup> The amount outstanding as of November 30, 2021 has been certified by Manian and Rao, Chartered Accountants, by way of their certificate dated December 24, 2021. Further, they have confirmed that the above borrowings have been utilized for the purposes for which such borrowings were availed, as provided under the relevant borrowing documents.

\* Additionally, our Company may avail additional loan facilities or draw down its existing facilities from time to time to meet its business requirements. Accordingly, our Company may utilise the Net Proceeds for repayment/prepayment of any such refinanced facilities (including any prepayment fees or penalties thereon), any additional facilities obtained by our Company or working capital borrowings outstanding at the time of utilising the Net Proceeds. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional facilities availed, if any), in part or full, will not exceed ₹ 419.95 million.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of its internal accruals. We will take such provisions also into consideration while deciding repayment and pre-payment of identified loans from the Net Proceeds.

## 2. *Investment in product development, investments in technology and other growth initiatives*

Our products cater to a technology ecosystem for the CRM and loyalty management industry and we primarily work with brands to use their existing infrastructure to identify and understand each consumer, and engage with them across channels by the use of data science, artificial intelligence and machine learning. We believe that our diversified product suite helps businesses in driving consumer loyalty and engagement. Our SaaS products focus on integration with our clients' existing technology stack and resource planning to unlock growth potential. We believe that product and technology innovation is at the core of our success, and accordingly, we emphasize on our constant innovation and enhancing our product offerings. We constantly endeavour to innovate in the industry specific SaaS solutions by introducing new products for consumers, developing the existing technology in-house and invest in revenue maximization technologies.

We intend to utilize ₹ 720.00 million from the Net Proceeds of the Fresh Issue towards development of new product offerings and enhancing internally generated software.

The key factors which contribute to our product development and technology cost, and towards which the Net Proceeds may be utilised, include:

### (i) *Investment in cloud infrastructure*

Our secure technology infrastructure is built on a scalable, cloud-based architecture that allows our clients to process large volumes of data on a real-time basis and ensure high-speed and stable performances on a large scale to accommodate and support the increased complexity and diversity of their business operations. As of October 31, 2021, our cloud platform hosted over 790 million consumers, and processed over 0.97 million loyalty transactions per hour, and over 41 million consumer communications a day. We incur server hosting charges including cloud subscription charges and data centre related costs. The global business on aggregate basis has incurred expenses of ₹ 226.22 million, ₹ 214.79 million, ₹ 200.55 million and ₹ 55.32 million during Fiscals 2019, 2020 and 2021 and for the three months' period ended June 30, 2021, respectively, based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information towards software and server charges.

We intend to utilize ₹ 230.00 million from the Net Proceeds of the Fresh Issue towards investment in cloud infrastructure.

### (ii) *Development of new product offerings*

In our endeavour to enhance our product offerings, we develop new products and new features in existing products, substantially improving existing processes, software and services, and all other enhancements resulting in incremental revenue from existing SaaS solutions offered. As of October 31, 2021, we have a dedicated team of 154 employees who develop, manage and maintain our platforms to ensure our clients are able to provide smooth, stable and secure loyalty programs to their consumers. Our technology team has undertaken feature enhancements including for *Loyalty+* (our Loyalty Program Management Platform), *Anywhere Commerce+*, *Insights+* (our Retail Analytics Platform), Customer Data Platform and *Engage+* (our Omnichannel Marketing Automation Platform).

The global business on aggregate basis has incurred expenditure of ₹ 79.31 million, ₹ 155.89 million, ₹ 146.00 million and ₹ 46.81 million during Fiscals 2019, 2020 and 2021 and for the three months' period ended June 30, 2021, respectively, towards development of new products based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information .

We intend to utilize ₹ 340.00 million from the Net Proceeds of the Fresh Issue towards investment in development of new product offerings.

### (iii) *Investment in hardware products*

For our employees, we have historically made incurred capital expenditure in computers and accessories for the global business on aggregate basis of ₹ 17.29million, ₹ 3.79 million, ₹ 5.23 million and ₹ 2.13 million during Fiscals ended 2019, 2020 and 2021 and for the three months' period ended June 30, 2021 based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information . In Fiscals 2023, 2024 and 2025, we expect to make investments of ₹ 81.27 million, ₹ 39.71 million and ₹ 29.98 million towards investments in new laptops and replacement of laptops which are older than three years.

We intend to utilize ₹ 150.00 million from the Net Proceeds of the Fresh Issue towards investment in hardware products.

Our historical investments may not be fully reflective of our future growth plans and new developments and business trends may arise within our categories of offerings. Our growth strategy and associated investments are and will continue to be subject to multiple internal and external factors, including applicable business requirements including investments in newer technology infrastructure and towards complementary and ancillary business offerings to compete effectively and to adapt to changes in customer and user preferences and technological advancements. See **“Risk Factors – “Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations.”** on page 59.

### 3. Funding strategic investments and acquisitions

In pursuit of our overall strategy to continue scaling our business, we intend to keep pursuing strategic investments and acquisitions which are complementary to our business to enhance our product and service capabilities. We intend to continue to selectively pursue opportunities for evaluating potential targets for strategic investments, acquisitions, and partnerships, based on following criteria:

- acquiring businesses that complement our product and service offerings which are able to synergise with our existing business model, thereby providing us new capabilities to serve our existing consumers. For instance, in September 2021, we made a strategic investment pursuant to which we acquired Persuade Loyalty, LLC and Persuade Holdings, Inc. and completed our first acquisition in the US market. This acquisition gives us wide presence in the US market and access to client base comprising multiple Fortune 100 and Fortune 500 companies as customers, which we believe can serve as a growth engine for our operations particularly in North America. We plan to grow the business through products offered by Persuade and Capillary and network capabilities and expand its team across technology, sales and network. For details, see **“History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years”** and see **“Our Business – Strategies – Grow organically in United States”** and **“Further Acquisitions in North America and Western Markets”** on pages 217, 193 and 194 respectively.
- collaborating with loyalty consulting & research companies that are providing digital solutions to the entire business value chain and integrating of these digital solutions into our existing business models;
- acquiring technology infrastructure thereby enhancing our service/product offerings;
- ‘acqui-hire’ opportunities, wherein we acquire a company and its experienced and skilled team, to further strengthen our existing ecosystem; and
- enhance our service capabilities both internally and externally through investments in the loyalty segments.

We have spent an aggregate amount of ₹ 729.74 million on acquisitions and strategic initiatives in the past five years through our Material Subsidiary, CPL. The table below summarizes the key acquisitions and strategic initiatives that we have undertaken in the past five years:

S. No.	Name of the target entity/ entity from which the business/ asset has been purchased	Year of acquisition	Country of incorporation of the target entity	Mode of acquisition	Total consideration (in ₹ million)	Acquisition rationale
1.	Persuade Loyalty, LLC <sup>(1)</sup>	2021	USA	Cash and issue of shares and employees stock options	1,094.62	Persuade complements our product and service offerings and has enabled us to enter the US region
	Persuade Holdings, Inc. <sup>(2)</sup>	2021	USA	Issue of shares	795.09	Persuade complements our product and service



S. No.	Name of the target entity/ entity from which the business/ asset has been purchased	Year of acquisition	Country of incorporation of the target entity	Mode of acquisition	Total consideration (in ₹ million)	Acquisition rationale
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offerings and has enabled us to enter the US region

- <sup>(1)</sup> ₹ 729.74 million has been paid as cash consideration till date. ₹ 182.44 million each to be paid as cash consideration by December 31, 2021 and March 31, 2023 pursuant to the terms and conditions under the Acquisition Agreement. This excludes up to ₹ 299.52 million to be paid in the form of employees stock options to employees of PLC and PHL based on earn-out variables of Calendar Year 2022. For details, see “History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years - Acquisition agreement dated September 1, 2021, entered into between Persuade Loyalty, LLC, Persuade Holdings, Inc. and Capillary Pte. Ltd.”
- <sup>(2)</sup> Up to ₹ 795.09 million to be paid in form of equity shares of our Promoter, CTIPL, based on earn-out variables of Calendar Year 2022.

We intend to utilize ₹ 300.00 million from the Net Proceeds, towards funding potential acquisitions and strategic initiatives which are consistent with or complementary to our business objectives. This amount is based on our management’s current estimates and budgets, and our Company’s historical acquisitions and other considerations.

#### *Investment process for acquisitions and strategic partnerships:*

The typical framework and process followed by us for acquisitions and strategic partnerships involves identifying the strategic investments or acquisitions based on the criteria set out above, entering into requisite non-disclosure agreements and conducting diligence of the target. On satisfactory conclusion of the diligence exercise, we enter into definitive agreements after the approval of our Board and the Shareholders, if required under applicable law.

As on the date of this Draft Red Herring prospectus, we have not entered into any definitive agreements in relation to any proposed strategic investments or acquisitions for which we intend to utilize Net Proceeds.

#### *Proposed form of investment and nature of benefit expected to accrue:*

The criteria discussed above will also influence the form of investment for these potential acquisition and strategic partnership prospects, i.e., whether they will involve equity, debt or any other instrument or combination thereof. At this stage, our Company cannot determine the size of the potential strategic investments or acquisitions and whether the form of investment will be equity, debt or any other instrument or combination thereof, or any such investment platform. The portion of the Net Proceeds, allocated towards this object of the Offer may not be the total value or cost of any such strategic initiatives, but is expected to provide us with sufficient financial leverage to enter into binding agreements. In the event that there is a shortfall of funds required for such strategic initiatives, such shortfall shall be met out of the portion of the Net Proceeds allocated for general corporate purposes and/or through our internal accruals or debt financing or any combination thereof.

#### **4. General corporate purposes**

The Net Proceeds will first be utilized for the Objects as set out above. Subject to this, our Company intends to deploy the balance Net Proceeds, aggregating up to ₹ [●] million, towards our general corporate purposes, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations.

Such general corporate purposes may include, but are not restricted to, the following:

- (i) investments in subsidiaries of our Company;
- (ii) servicing our repayment obligations (principal and interest) under our future financing arrangements;
- (iii) working capital requirements or new product development;
- (iv) meeting ongoing general corporate purposes or contingencies;
- (v) enhancing our technology related infrastructure; and/or
- (vi) strategic initiatives.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board, shall have the flexibility in utilizing surplus amounts, if any.

### Means of Finance

The fund requirements set out above are proposed to be funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue.

### Offer related expenses

Except for listing fees, which shall be solely borne by our Company, our Company and the Selling Shareholder will share the costs and expenses (including all applicable taxes, except STT, which shall be borne by the Selling Shareholder) directly attributable to the Offer, severally and not jointly, based on the proportion of the Equity Shares issued by the Company in the Fresh Issue and the Offered Shares transferred by the Selling Shareholder in the Offer for Sale, to the aggregate Equity Shares sold in the Offer, subject to applicable law including section 28(3) of the Companies Act, 2013. Any cost and expenses of the Offer advanced by our Company shall be reimbursed by the Selling Shareholder for such costs and expenses upon the successful consummation of the sale of its Offered Shares in the Offer, except for such costs and expenses in relation to the Offer which are paid for directly by the Selling Shareholder. In the event that the Offer is postponed, withdrawn, or abandoned for any reason, or the Offer is not successful or consummated, all costs, charges, fees and expenses in relation to the Offer will be shared on a pro rata basis between the Company and the Selling Shareholder in the Offer.

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, amongst others, listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsels, fees payable to the Registrar to the Offer, auditors, Escrow Bank and Sponsor Bank to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The estimated Offer expenses are as follows:

(₹ in million)			
Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(1)(2)</sup>	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees to regulators, including Stock Exchanges	[●]	[●]	[●]
Others	[●]	[●]	[●]
(i) Listing fees, SEBI, BSE and NSE processing fees, book building software fees and other regulatory expenses;			
(ii) Printing and distribution of stationery;			
(iii) Fees payable to legal counsels; and			
(iv) Miscellaneous.			
<b>Total estimated Offer expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* Offer expenses include goods and services tax, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus. Offer expenses are estimates and are subject to change.

(1) Selling commission payable to members of the Syndicate, SCSBs, RTAs and CDPs on the amounts received against the Equity Shares Allotted (i.e. product of the Equity Shares Allotted and the Offer Price) would be as follows:

Portion for Retail Individual Investors	[●]% (plus applicable goods and services tax)
Portion for Non-Institutional Investors	[●]% (plus applicable goods and services tax)

Further, bidding charges of ₹ [●] (plus applicable goods and services tax) shall be per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them. Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors and Non-Institutional Investors, which are directly procured by the Registered Brokers and submitted to SCSBs for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable goods and services tax).

- (2) Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes).

Processing fees for applications made by Retail Individual Investors using the UPI Mechanism would be as follows:

RTAs / CDPs/ Registered Brokers	₹ [●] per valid Bid cum Application Form (plus applicable taxes)
Sponsor Bank	₹ [●] per valid Bid cum Application Form (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

The processing fees for applications made by Retail Individual Investors using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, read with the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

### Interim use of funds

Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### Bridge loan

Our Company has not raised any bridge loans from any bank which are proposed to be repaid from the Net Proceeds.

### Monitoring of Utilization of Funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilisation of Net Proceeds prior to the filing of the Red Herring Prospectus, as the Fresh Issue size exceeds ₹ 1,000 million. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Net Proceeds have been utilised in full. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised, till the time any part of the Fresh Issue proceeds remains unutilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Further, our Company shall, on a quarterly basis, include the deployment of Net Proceeds under various heads, as applicable, in the notes to our consolidated financial results. As our Company intends to utilize a portion of the Net Proceeds towards potential acquisitions and strategic initiatives, details pertaining to such acquisitions, initiatives or any inorganic growth initiative, as and when undertaken, will be published on the website of the Company and will be disclosed to the Stock Exchanges in accordance with Regulation 30 and Part A of Schedule III, of the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock

Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above.

#### **Variation in objects of the Fresh Issue**

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders and such variation will be in accordance with the applicable laws including the Companies Act 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013.

#### **Appraising entity**

None of the Objects of the Fresh Issue for which the Net Proceeds will be utilized have been appraised by any bank/financial institution.

#### **Other confirmations**

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds with our Promoter, members of the Promoter Group, Directors, Group Companies or Key Managerial Personnel. No part of the Net Proceeds will be paid to our Directors, our Group Companies or our Key Managerial Personnel, except in the ordinary course of business.

## BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of qualitative and quantitative factors as described below.

Bidders should also refer to the sections titled “*Other Financial Information*”, “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, and “*Financial Statements*” on pages 642, 27, 174, 649 and 247, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Market leader in consumer engagement and loyalty management in Asia with deep domain knowledge;
- High growth and high margin United States operations following acquisition of Persuade;
- Strong partnerships and high recall in the loyalty industry;
- Quality and diverse customer relationships;
- Comprehensive solutions for loyalty management;
- Scalable cloud-based infrastructure;
- Platform that supports multiple use-cases;
- Innovative analytics and AI-driven SaaS solutions;
- Healthy growth with demonstrated operating leverage; and
- Experienced leadership team backed by marquee investor base.

For further details, see “*Risk Factors*” and “*Our Business – Our Strengths*” on pages 27 and 187, respectively.

### Quantitative Factors

Some of the information presented below relating to our Company is based on or derived from the Restated Summary Statements of our Company.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

#### 1. Restated Basic and Diluted Earnings per Equity Share (“EPS”) at face value of ₹ 2 each:

Year ended	Basic EPS# (₹)	Diluted EPS# (₹)	Weight
March 31, 2021	3.54	3.54	3
March 31, 2020	0.04	0.04	2
March 31, 2019	(2.44)	(2.44)	1
<b>Weighted Average</b>	<b>1.38</b>	<b>1.38</b>	
<b>Three month period ended June 30, 2021*</b>	0.53	0.53	-

\* Not annualized Notes:

- (1) The EPS disclosed above is after considering the impact of bonus issue and sub-division of equity shares.
- (2) Subsequent to June 30, 2021, Shareholders by way of their resolution dated November 17, 2021 approved sub-division of equity shares of face value of ₹ 10 each into equity shares of face value of ₹ 2 each. Further, subsequent to June 30, 2021, shareholders by way of their resolution dated November 24, 2021 approved the issue of bonus shares in the ratio of 3.1:1 to the existing equity shareholders of our Company as per the provisions of Companies Act, 2013 and all other applicable laws and regulations. The above EPS are calculated after giving the impact of Share Sub-division and Bonus in accordance with Ind AS 33 for all periods presented. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021.
- (3) Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021. Basic EPS is calculated by dividing the profit/

loss for the period/year attributable to equity shareholders of our Company by the weighted average number of equity shares outstanding during the period / year.

- (4) Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.
- (5) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights

## 2. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2021	[●]	[●]
Based on diluted EPS for Fiscal 2021	[●]	[●]

### Industry Peer Group P/E ratio

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

## 3. Return on Net Worth (“RoNW”)

Year ended	RONW (%)	Weight
March 31, 2021	52.13%	3
March 31, 2020	1.73%	2
March 31, 2019	(176.23%)	1
<b>Weighted Average</b>	(2.73)%	
<b>Three month period ended June 30, 2021*</b>	6.65%	-

\* Not annualized

Notes:

- (1) Calculated as restated profit for the year divided by net worth (aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation).
- (2) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

## 4. Net Asset Value per Equity Share (Face Value of ₹ 2 each)

NAV	(₹)
As on June 30, 2021	7.94
After the Offer	
- At the Floor Price	[●]
- At the Cap Price	[●]
At Offer Price	[●]

Notes:

- (1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process
- (2) Subsequent to June 30, 2021, Shareholders by way of their resolution dated November 17, 2021 approved sub-division of equity shares of face value of ₹ 10 each into equity shares of face value of ₹ 2 each. Further, subsequent to June 30, 2021, shareholders by way of their resolution dated November 24, 2021 approved the issue of bonus shares in the ratio of 3.1:1 to the existing equity shareholders of our Company as per the provisions of Companies Act, 2013 and all other applicable laws and regulations. The above Net Asset Value per equity share is calculated after giving the impact of Share Sub-division and Bonus in accordance with Ind AS 33 for all periods presented. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021.

## 5. Comparison with listed industry peers

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

## 6. The Offer Price is [●] times of the Face Value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Company and Selling Shareholder in consultation with the BRLMs, on the basis of demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with “**Risk Factors**”, “**Our Business**”, “**Management’s Discussion and Analysis of Financial Conditions and Results of Operations**” and “**Financial Statements**” on pages 27, 174, 649 and 247, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “**Risk Factors**” on page 27 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES INDIA LIMITED (FORMERLY KNOWN AS CAPILLARY TECHNOLOGIES INDIA PRIVATE LIMITED) (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The Board of Directors

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)  
#36/5, 2<sup>nd</sup> Floor, Somasandra Palya, adjacent 27<sup>th</sup> Main Road, Sector 2, HSR Layout,  
Bengaluru – 560102

Dear Sirs,

**Re: Statement of Special Tax Benefits available to Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) and its shareholders under the Indian tax laws.**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the “Annexures”), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under the direct and indirect tax laws, including:
  - the Income-tax Act, 1961 (the “Act”) as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23, presently in force in India; and
  - the Central Goods and Services Tax Act, 2017/ Integrated Goods and Services Tax Act, 2017 read with rules, circulars, and notifications (“GST law”), the Customs Act, 1962, Customs Tariff Act, 1975 (“Customs law”) and Foreign Trade Policy 2015-2020 (“FTP”) (*herein collectively referred as “indirect tax”*)
2. Several of these benefits are dependent on the Company and/ or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company and/ or its shareholders to derive the special tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the “Proposed IPO”) by the Company.
4. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
6. This Statement is issued solely in connection with the proposed offering of equity shares of face value Rs 2 each of the Company and is not to be used, referred to or distributed for any other purpose.



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

per Sandeep Karnani  
Partner  
Membership Number: 061207  
UDIN: 21061207AAAAHL7616  
Place of Signature: Bengaluru  
Date: December 24, 2021

## ANNEXURE 1

### DIRECT TAXATION

#### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES INDIA LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible special tax benefits available to the Company, and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current tax /laws presently in force. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement. The statement below covers only relevant special direct and does not cover benefits under any other law.

**Under the Income-Tax Act, 1961 (hereinafter referred to as ‘the Act’), as amended by the Finance Act 2021, applicable for Financial Year 2021-22 relevant to Assessment Year 2022-23.**

This Annexure sets out only the tax benefits available to the Company and its shareholders under the Act as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23, presently in force in India. *To clarify, the Annexure sets out the tax benefits that are available to the Company and we have not commented on whether such benefits have been availed or will be availed by the Company.* The benefits listed in this document is not intended to be exhaustive and there may be other benefits that are available to the Company and to its shareholders depending on the business and the facts.

#### **1. Tax benefits available to the Company under the Act**

##### **1.1. Lower corporate tax rate - Section 115BAA of the Act**

Section 115BAA of the Act has been inserted by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) w.e.f. April 1, 2020 (assessment year) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail the deductions/exemptions as specified in the section (e.g. deduction under Section 10AA, additional depreciation, Investment allowance in notified backward areas, expenditure on skill development etc.)

In case a company opts for Section 115BAA of the Act, provisions of Minimum Alternate Tax [“MAT”] under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

Provided further that, where the company fails to satisfy the conditions mentioned in the section in any previous year, the option shall become invalid in respect of the assessment year relevant to the previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

##### **1.2. Deduction in respect of inter-corporate dividends – Section 80M of the Act**

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax (“DDT”), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax (“TDS”) at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

A new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

### **1.3. Deduction in respect of employment of new employees - Section 80JJAA of the Act**

As per the provisions of Section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of Section 80JJAA of the Act.

### **1.4. Carry forward and set off of business losses and unabsorbed depreciation**

As per Section 71 of the Act, where for any assessment year, the net result of the computation under the head "Profits and gains of business or profession" is a loss to the assessee, not being a loss sustained in a speculation business, such loss will be eligible for set off against income assessable for the assessment year under any other head of income other than income assessable under the head salaries and subject to other adjustments and limitations with regard to set off under the Act.

As per Section 72 of the Act, after such setting off, if the resultant figure is yet a loss then such loss can be carried forward to the following assessment year and

- i) it shall be set off against the profits and gains, if any, of any business or profession carried on by it and assessable for that assessment year
- ii) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on

However, no loss shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed. Further, the carry forward of loss is subject to limitations prescribed under Section 79 of the Act, which seeks to disentitle companies from carry forward and set off of losses in cases where there is change in shareholding above prescribed thresholds in certain circumstances.

As per Section 32(2) of the Act, unabsorbed depreciation may be added to the allowance for depreciation for the following previous year and deemed to be part of the allowance for depreciation of that previous year and so on for the succeeding previous years.

### **1.5. Lower rate of tax on certain dividends received from foreign companies - Section 11BBD of the Act**

Where the total income of the Indian company includes any income by way of dividends declared, distributed or paid by a specified foreign company, the income-tax on such income shall be payable at the rate of fifteen percent. However, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any other provision of the Act in computing its income by way of dividends.

Specified foreign company means a foreign company in which the Indian company holds twenty-six per cent or more in nominal value of the equity share capital of the company.

The meaning of dividend is defined under this section and excludes certain category of dividend as specified.

## **2. Tax benefits available to shareholders**

- Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would

be available on fulfilling the conditions (as discussed above).

- ▶ Section 112A of the Act provides for concessional rate of 10 percent (plus applicable surcharge and cess) in certain cases on long term capital gains (exceeding INR 1,00,000) arising from transfer of inter-alia equity shares, if Security Transaction Tax ('STT') has been paid on both acquisition and transfer of such shares (subject to certain exceptions).
- ▶ Further, special rates of tax are prescribed for income in the nature of long term and short term capital gains in specific circumstances under Section 112 and Section 111A of the Act.
- ▶ In respect of non-resident shareholders, the taxation (including tax rates) shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident is a resident for the purposes of the DTAA

*Note: The above is based on general provisions of the Act without considering any special exemption that may be available to the shareholders depending on the status and facts of the shareholder.*

*Further, the Company may not be eligible to avail only certain benefits (and all the benefits listed above) at a particular point in time. For instance, if a certain benefit is obtained, the Company may be precluded from availing other specified benefits as per the conditions attached to availing a said benefit.*

### **3. Other notes**

- ▶ The above statement covers only certain tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
- ▶ The statement is not intended to exhaustively cover all benefits available to the Company and shareholders and the Company and the shareholders may be eligible for various other (special or general) tax benefits under the Act.
- ▶ No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
- ▶ This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.

For Capillary Technologies India Limited

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

## ANNEXURE 2

### INDIRECT TAXATION

#### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES INDIA LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

##### **Indirect Taxation**

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017/ Integrated Goods and Services Tax Act, 2017 read with rules, circulars, and notifications (“GST law”), the Customs Act, 1962, Customs Tariff Act, 1975 (“Customs law”) and Foreign Trade Policy 2015-2020 (“FTP”) (*herein collectively referred as “indirect tax”*)

##### **I. Special tax benefits available to the Company**

1. There are no special tax benefits available to the Company under GST law
2. The Company has taken GST registration as a regular tax payer and availing SEIS benefits with respect to export of management consultancy services.
3. While the Company is eligible to claim refund of unutilized input tax credit w.r.t export of services without payment of tax, we understand that the Company utilizes such credit against output tax liability on domestic supplies, hence there is no unutilized credit that remains to be claimed.

##### **II. Special tax benefits available to shareholders**

The shareholders of the Company are not entitled to any special tax benefits under the indirect tax.

For Capillary Technologies India Limited  
Chief Financial Officer

Place: Bengaluru  
Date: December 24, 2021

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO OUR MATERIAL SUBSIDIARIES:**

**FOR PERSUADE LOYALTY:**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO PERSUADE LOYALTY, LLC (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME TAX LAWS IN THE UNITED STATES OF AMERICA**

The Board of Directors  
222 North Second Street, Suite 200  
Minneapolis, MN 55401

Dear Sirs,

**Re: Statement of Special Income Tax Benefits available to Persuade Loyalty, LLC and its shareholders under United States tax laws.**

1. We hereby confirm that the enclosed Annexure 1, prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under:
  - Title 26, United States Code (“Internal Revenue Code”) and accompanying regulations (collectively referred to as “the Code”).
2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the “Proposed IPO”) by Capillary Technologies India Limited, of which the Company is a material subsidiary.
4. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
6. This Statement is issued solely in connection with the proposed initial public offering of equity shares of face value Rs 2 each of the Company (the “Offer”) and for disclosure in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and any other material used in connection with the Offer (together, the “Offer Documents”) to be filed by the Company in respect of the Offer with the Securities and Exchange Board of India, the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, the Registrar of Companies, Karnataka at Bangalore, or any other statutory or

regulatory authority as required by law in connection with the Offer and in accordance with applicable law, and is not to be used, referred to or distributed for any other purpose.

7. We further consent to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible special tax benefits included in the Offer Documents.

For **CliftonLarsonAllen LLP**

**ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO PERSUADE LOYALTY, LLC (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME TAX LAWS IN THE UNITED STATES OF AMERICA**

**Under Title 26, United States Code (the “Internal Revenue Code” or the “Code”):**

1. This Annexure sets out only the special tax benefits available to the Company and its shareholders under the Code.

2. **Special tax benefits available to the Company under the Code**

- 2.1. **Qualified Business Income Deduction – Section 199A of the Code**

For tax years beginning after December 31, 2017, and subject to certain limitations, owners of domestic passthrough entities are eligible for a deduction equal to 20% of their shares of Qualified Business Income (“QBI”) earned by the passthrough. QBI is the net amount of qualified items of income, gain, deduction and loss from any qualified trade or business, defined as any trade or business that is not a specified service trade or business (“SSTB”) or the trade or business of performing services as an employee (Section 199A(d)(1)). Foreign partners of US partnerships may avail of the QBI deduction to the extent the QBI earned is effectively connected with the conduct of a trade or business within the United States.

- 2.2. **Election to Adjust Basis in Partnership Property – Section 754 of the Code**

An election under Section 754 of the Code permits a partnership to adjust the basis of the property within a partnership under Code Sections 734(b) and 743(b) when one of two triggering events occur: 1) a distribution of partnership property or 2) certain transfers of a partnership interest. These adjustments can only be made if the partnership has made an election under Code Section 754. If an election under Code Section 754 is made pursuant to a transfer of a partnership interest, the partnership may increase the adjusted basis of partnership property by the excess of the basis of the transferee partner in the partnership over the partner’s proportionate share of the adjusted basis of partnership property, under Code Section 743(b).

- 2.3. **Bonus Depreciation – Section 179 of the Code**

A taxpayer may elect to expense 100% of the cost of any Code Section 179 property and deduct it in the year the property is placed in service. The maximum deduction is currently \$1 million, with a phase-out applicable once eligible purchases for the year exceed \$2,620,000. Qualified Section 179 property now includes Qualified improvement property, which means any improvement to a building’s interior. However, improvements do not qualify if they are attributable to the enlargement of the building, any elevator or escalator or the internal structural framework of the building. Roofs, HVAC, fire protection systems, alarm systems and security systems are also qualified Section 179 property.

3. **Special Provisions Applicable to Shareholders**

Where a foreign corporation holds an interest in a United States partnership earning income effectively connected with a trade or business within the United States, the branch profits tax provisions under Code Section 884 generally apply 30% withholding tax on remittances to the foreign corporation from its United States branch (reflected in its partnership investment). However, Section 894(a) overrides this 30% rate where the foreign corporation is a resident in a country with an income tax convention in force with the United States of America. While the United States currently has no tax treaty in place with Singapore, the particular legal entity structure may be adjusted accordingly to avail of tax treaty benefits.

4. **NOTES:**

- 4.1. This Annexure sets out only the tax benefits available to the Company and its shareholders under the Code applicable for Financial year 2021-22 relevant to the Assessment year 2022-23, presently in force in the United States of America.
- 4.2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.



- 4.3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
- 4.4. The above statement covers only certain special tax benefits under the Code, read with the relevant rules, regulations and notifications and does not cover any benefit under any other law in force in the United States. This statement also does not discuss any tax consequences, in the country outside the United States, of an investment in the shares of a United States company.
- 4.5. The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- 4.6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.

For **Persuade Loyalty, LLC**

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

**FOR CAPILLARY MALASIA:**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES (MALAYSIA) SDN. BHD. (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN MALAYSIA**

The Board of Directors,  
Capillary Technologies (Malaysia) Sdn. Bhd.  
31-16, 31st Floor  
Q Sentral, Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

Dear Sirs,

**Re: Statement of Special Tax Benefits available to Capillary Technologies (Malaysia) Sdn. Bhd. And its shareholders under Malaysian tax laws.**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the “Annexures”), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under:
  - the Income-tax Act, 1967 (the “Act”) as which incorporates the latest amendments made by the Finance Act, 2017 applicable for the Financial Year 2021-22 relevant to the Year of Assessment (“YA”) 2021-22, presently in force in Malaysia; and
  - the Sales Tax (Amendment) Act 2020 and Service Tax (Amendment) Act 2020, presently in force in Malaysia.

The Act, the Sales Tax (Amendment) Act 2020 and Service Tax (Amendment) Act 2020, are collectively referred to as the “Relevant Acts”.

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the “Proposed IPO”) by Capillary Technologies India Limited, of which the Company is a material subsidiary.
4. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
6. This Statement is issued solely in connection with the proposed offering of equity shares of face value Rs 2 each of Capillary Technologies India Limited and is not to be used, referred to or distributed for any other purpose.

For **NK Tax Services Sdn. Bhd.**

Chartered Accountants  
Firm Number: 1313

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**Krishnan A/L Nachiappen**  
Partner  
Chartered Accountant  
Approval Number: 02099/10/2022J  
Place of Signature: Malaysia  
Date: December 24, 2021

**ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES (MALAYSIA) SDN. BHD. (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN MALAYSIA**

**Under the Income-Tax Act, 1967 (hereinafter referred to as ‘the Act’), as amended by the Finance Act 2017, applicable for Financial Year 2021-22 relevant to Assessment Year 2021-22.**

1. This Annexure sets out only the special tax benefits available to the Company and its shareholders under the Income Tax Act, 1967 i.e. the Act as amended by the Finance Act, 2017 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2021-22, presently in force in Malaysia.

2. **Special tax benefits available to the Company under the Act**

- a. **Lower corporate tax rate – Paragraph 2A, Schedule 1 of the Act**

Small and Medium Enterprises (SME) in Malaysia are subject to income tax at a preferential income tax rate. Presently, SMEs are taxed the rate of 17% on the first RM600,000 of chargeable income. Any remaining chargeable income is charged at 24%. For tax purposes, as per paragraph 2A of Schedule 1 of the Act, an SME is a company resident and incorporated in Malaysia which has a paid-up capital in respect of ordinary shares of two million five hundred thousand ringgit and less at the beginning of the basis period for a year of assessment and gross income from source or sources consisting of a business not exceeding fifty million ringgit for the basis period for that year of assessment.

A company that meets the above criteria is able to be taxed at the preferential rate provided that not more than:

- (a) 50% of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
    - (b) 50% of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company; or
    - (c) 50% the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company

“Related company” means a company which has a paid-up capital in respect of ordinary shares of more than RM 2.5million at the beginning of the basis period for a year of assessment.

3. **Special tax benefits available to Shareholders**

Malaysia is under the single-tier tax system. Dividends are exempt in the hands of shareholders. Companies are not required to deduct tax from dividends paid to shareholders, and no tax credits will be available for offset against the recipient’s tax liability. Corporate shareholders receiving exempt single-tier dividends can, in turn, distribute such dividends to their own shareholders, who are also exempt on such receipts.

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between Malaysia and the country in which the non-resident has fiscal domicile.

**Note :**

*Due to the recent announcement on the removal of the foreign income exemption, any foreign income repatriated back to Malaysia will be subject to tax in Malaysia. However, this will be effected once the Finance Bill is passed in the government.*

4. **NOTES:**

- 4.1. This Annexure sets out only the tax benefits available to the Company and its shareholders under the Income Tax Act, 1967 i.e. the Act as amended by the Finance Act, 2017 applicable for Financial year 2021-22 relevant to the Year of Assessment year 2021-22, presently in force in Malaysia.

- 4.2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.
- 4.3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
- 4.4. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in Malaysia. This statement also does not discuss any tax consequences, in the country outside Malaysia, of an investment in the shares of a Malaysian company.
- 4.5. The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- 4.6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.

**For Capillary Technologies (Malaysia) Sdn. Bhd.**

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

## **ANNEXURE 2**

### **INDIRECT TAXATION**

1. This annexure sets out the special tax benefits available to the Company and its shareholders under the Sales Tax 2018 and Service Tax 2018.
2. **Special tax benefits availed by the Company under the above-mentioned laws**

The Company is does not enjoy any special indirect tax benefits.

For **Capillary Technologies (Malaysia) Sdn. Bhd.**

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

**FOR CPL :**

**STATEMENT OF TAX BENEFITS AVAILABLE TO CAPILLARY PTE. LTD. (THE “COMPANY”), AND ITS SHAREHOLDER UNDER THE APPLICABLE TAX LAWS IN SINGAPORE**

The Board of Directors,  
Capillary Pte. Ltd.  
UEN: 202125294W  
68 Circular Road,  
#02-01  
Singapore (049422)

Dear Sirs,

**Re: Statement of Tax Benefits available to Capillary Pte. Ltd. and its sole shareholder Capillary Technologies India Private Limited (the “Holding Company”) under the Singapore tax laws.**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the “Annexures”), prepared by the Capillary Pte. Ltd. (“Company”), provides the tax benefits available to the Company and to the shareholder of the Company as stated in those Annexures, under:

- The Income Tax Act (Chapter 134) (“SITA”) and
- the Goods and Services Tax Act (Chapter 117A) (“GST Act”)

The SITA and GST Act defined above, are collectively referred to as the “Relevant Acts”

2. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholder may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the “Proposed IPO”) by Capillary Technologies India Limited (the “Holding Company”), of which the Company is a material subsidiary.
4. We do not express any opinion or provide any assurance as to whether:
- i) the Company or its shareholder will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
6. This Statement is issued solely in connection with the proposed initial public offering of equity shares of face value Rs 2 each of the Holding Company (the “Offer”) and for disclosure in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and any other material used in connection with the Offer (together, the “Offer Documents”) to be filed by the Holding Company in respect of the Offer with the Securities and Exchange Board of India, the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, the Registrar of Companies, Karnataka at Bangalore, or any other statutory or regulatory authority as required by law in connection with the Offer and in accordance with applicable law, and is not to be used, referred to or distributed for any other purpose.

7. We further consent to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible tax benefits included in the Offer Documents.

For ECRA Pte Ltd

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Chandan Nitish  
Director



**ANNEXURE 1 TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO CAPILLARY PTE. LTD. (THE “COMPANY”) AND ITS SHAREHOLDER UNDER THE APPLICABLE TAX LAWS IN SINGAPORE**

**Under the Singapore Income Tax Act (Chapter 134) (hereinafter referred to as ‘the Act’), which is applicable to the company for financial period from 21 July 2021 (date of incorporation) till its first financial year end**

1. This Annexure sets out only the tax benefits available to the Company and its shareholder under the Act, presently in force in Singapore.

2. **Tax benefits available to the Company under the Act**

The company will be subject to tax in Singapore at the prevailing corporate income tax rate of 17%, on income accruing in or derived from Singapore or received in Singapore from outside Singapore.

As far as we are aware, the company did not avail and is not covered under any corporate tax incentive schemes in Singapore as of to-date, apart from the general tax benefits available to all Singapore registered companies.

3. **Tax benefits available to Shareholder**

Dividends paid by the company to its shareholder are tax exempt in Singapore.

4. **NOTES:**

- 4.1. This Annexure sets out only the tax benefits available to the Company and its shareholder under the Act.
- 4.2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.
- 4.3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of the fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
- 4.4. The above statement covers only certain tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in Singapore. This statement also does not discuss any tax consequences, in the country outside Singapore.
- 4.5. The above statement of tax benefits is as per the current direct tax laws relevant as of to-date and are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- 4.6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.

**For Capillary Pte. Ltd.**

Chief Financial Officer  
Place: Bengaluru  
Date: December 24, 2021

## ANNEXURE 2

### INDIRECT TAXATION

1. This annexure sets out the tax benefits available to the Company and its shareholder under the *Goods and Services Tax Act (Chapter 117A)* as amended from time to time, presently in force in Singapore.

2. **Tax benefits availed by the Company under the above-mentioned laws**

The company is registered for GST from 1 November 2021. The Company's Registration Number is 202125294W. The Company will have to pay GST at the current prevailing rate of 7% for standard rated supplies or at the rate of 0% for zero rated supplies. This rate is subjected to change upon passing of the legislation by the Government. The Company is not availing any tax benefits / exemptions / abatements under the Goods and Services Act (Chapter 117A).

3. **Tax benefits available to the Shareholder of the Company**

The issue, allotment or transfer of ownership of securities/shares are financial services that are treated as exempt supplies under the Fourth Schedule of the Goods and Services Tax Act. Accordingly, GST would not be applicable on purchase of shares by the shareholder and on the dividend income earned on the shares. Also, the shareholder of the Company is not entitled to any tax benefits under GST.

4. **NOTES**

This Annexure sets out the only the tax benefits available to the Company and its Shareholder under Goods and Services Tax Act (Chapter 117A) presently in force in Singapore. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws

This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO.

This Annexure covers only certain relevant benefits under the above-mentioned indirect tax laws and does not cover any Income Tax law benefits or benefits under any other law.

These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **Capillary Pte. Ltd.**

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

**FOR CAPILLARY DUBAI:**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES DMCC (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN UNITED ARAB EMIRATES**

The Board of Directors,  
Capillary Technologies DMCC  
Unit No. RET-R6-148,  
Detached Retail R6,  
Plot No: JLT-PH2-RET-R6,  
Jumeriah Lakes Towers  
Dubai, UAE.  
Dear Sirs,

**Re: Statement of Special Tax Benefits available to Capillary Technologies DMCC under the UAE laws.**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the “**Annexures**”), prepared by the Company, provides the special tax benefits available to the Company as stated in those Annexures.
2. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company on the basis of their understanding of the business activities and operations of the Company, without any liability on us.

**ABDULAZIZ PANIS AND SHAH ASSOCIATES**  
**CHARTERED ACCOUNTANTS L.L.C.**  
**Registration No. 802**  
Dubai, U.A.E.  
December 20, 2021.

**ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES DMCC (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN UNITED ARAB EMIRATES**

**Exemption from taxes**

As per Law No. (3) of 2020 concerning the Dubai Multi Commodities Centre, the Tax exemption Article (18) which state: “without prejudice to applicable legislation in the UAE, DMCC establishments and their employees will be exempt from all the taxes, including income tax, in respect of their operations in DMCC, and will be exempt from any restrictions on the transfer of share capital, profits, or wages in any currency to any destination outside the DMCC. Exemption will apply for a period of Fifty (50) years, renewable for the same period pursuant to a resolution of the Ruler. This period will commence on the day on which these establishment or their employees commence work.”

**ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES DMCC (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN UNITED ARAB EMIRATES**

**INDIRECT TAXATION**

Capillary Technologies DMCC is registered for Value Added Tax (VAT) and the VAT rate of 5% applies to most goods and services. Customs duty of 5% is also imposed on the import of goods. There is no exemption granted to company with respect to indirect taxes. However, no other taxes apply to Capillary Technologies DMCC including dividend tax & capital gains tax till the date of issuance of this letter.

**FOR CAPILLARY SHANGHAI:**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES (SHANGHAI) CO LTD (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN CHINA**

The Board of Directors,  
Capillary Technologies (Shanghai) Co Ltd  
Room 102, Building B,  
No. 668, Hengfen Road,  
Jingan District,  
Shanghai 200 070.

Dear Sirs,

**Re: Statement of Special Tax Benefits available to Capillary Technologies (Shanghai) Co Ltd and its shareholders under the China tax laws.**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the “Annexures”), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under:
  - the Enterprise Income Tax (EIT) Law 2008
  - Value Added Tax (“VAT”) Law 2009
  - Individual Income Tax (IIT) Law 2018

The EIT, VAT and IIT laws as defined above, are collectively referred to as the “Relevant Acts”
2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the “Proposed IPO”) by Capillary Technologies India Limited, of which the Company is a material subsidiary.
4. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
6. This Statement is issued solely in connection with the proposed offering of equity shares of face value Rs 2 each of Capillary Technologies India Limited and is not to be used, referred to or distributed for any other purpose.

For Shanghai Perfect C.P.A. Partnership

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MingXua Han

Partner

Membership Number: 310001740001

Date: December 24, 2021

**ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CAPILLARY TECHNOLOGIES (SHANGHAI) CO LTD (THE “COMPANY”) UNDER THE APPLICABLE TAX LAWS IN CHINA**

**Under Enterprise Income Tax Law (hereinafter referred to as ‘the Act’), applicable for Financial Year 2021-22.**

1. This Annexure sets out only the special tax benefits available to the Company under the Act, presently in force in China.

2. **Special tax benefits available to the Company under the Act**

Under the Enterprise Income Tax Law (‘the EITL’), a company, being a tax resident of China, is taxed on its worldwide taxable income, after adjusting for non-taxable income, exempt income, allowable deductions and losses of previous years.

Income arising in the hands of a Chinese tax resident company is taxable at a statutory rate of 25 percent.

The tax losses incurred by a Chinese Tax Resident company are allowed to be carried forward for a maximum of 5 years for set off against the taxable income of the future years.

Capital gains are aggregated with other income and subject to corporation tax at the applicable corporate tax rate.

Chinese tax laws provide for incentives/ allowances such as Accelerated Depreciation allowance, Technology and Research & Development (‘R&D’) expenditure deductions, Hi-Technology Enterprise Status, and other regional incentives, which could be claimed by the Chinese resident companies, subject to fulfilment of specified conditions. The allowability / eligibility of the Company to claim these allowances/ relief shall be based on compliance with the specified conditions (as applicable) and/or taxable profits.

**NOTES:**

- 3.1. This Annexure sets out only the tax benefits available to the Company under the Act
- 3.2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.
- 3.3. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
- 3.4. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in China. This statement also does not discuss any tax consequences, in the country outside China.
- 3.5. The above statement of special tax benefits is as per the current direct tax laws relevant for the Financial Year 2021-22. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- 3.6. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.



For **Capillary Technologies (Shanghai) Co Ltd**

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

## ANNEXURE 2

### INDIRECT TAXATION

1. This annexure sets out the special tax benefits available to the Company under the Value Added Tax Laws read with rules, circulars, and notifications (“VAT Laws”) as amended from time to time, presently in force in China.
2. **Special tax benefits availed by the Company under the above-mentioned laws**
  - a) Value Added Tax (VAT) is levied on the supply of goods or taxable services for consideration in China, by a taxable person in the course or furtherance of any business.
  - b) The standard VAT rate for product is 13%. There are also reduced rates available.
  - c) Reverse charge mechanism does not apply in China.
  - d) Where an entity or individual located outside the territory of China conducts taxable activities within the territory without establishing an operating institution within the territory, the corresponding buyer shall be the VAT withholding agent, unless otherwise specified by the Ministry of Finance and the State Taxation Administration.
  - e) The service fee charged by the Company to its customers is subject to VAT at applicable rates. Currently the VAT rate applicable is 6%. Further, the Company will be eligible to claim input VAT credit paid on the services procured for providing such services to their customers.
  - f) There are no other special tax benefits
3. **NOTES**
  - 3.1 This Annexure sets out the only the special tax benefits available to the Company under VAT Laws, presently in force in China. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws
  - 3.2 This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO.
  - 3.3 This Annexure covers only certain relevant benefits under the above-mentioned indirect tax laws and does not cover any Income Tax law benefits or benefits under any other law.
  - 3.4 These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
  - 3.5 No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **Capillary Technologies (Shanghai) Co Ltd**

Chief Financial Officer

Place: Bengaluru

Date: December 24, 2021

## SECTION IV: ABOUT OUR COMPANY

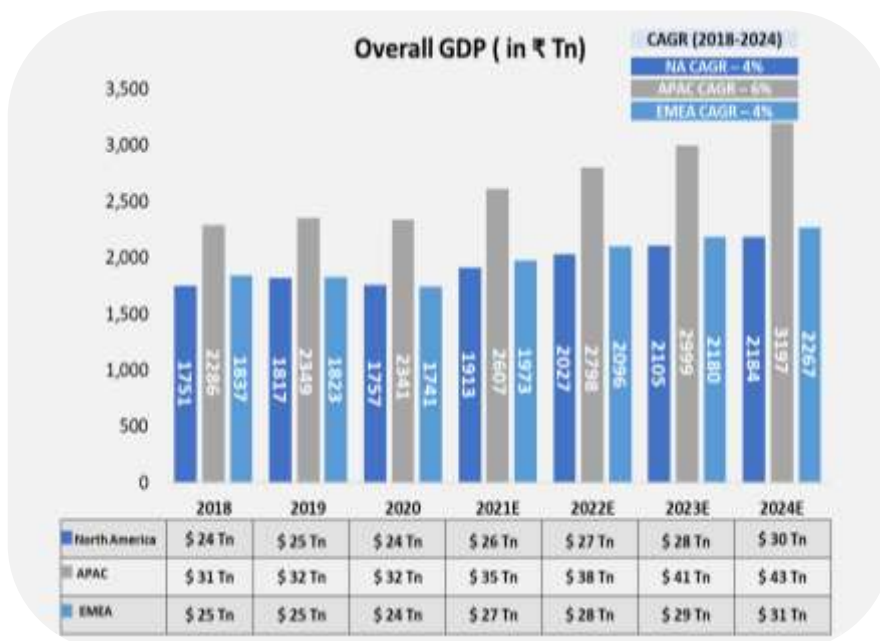
### INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Customer Engagement Software Market Overview - Market Analysis, Compete Benchmarking” dated December 23, 2021 (the “**Zinnov Report**”), exclusively prepared and issued by Zinnov who were appointed pursuant to statement of work dated August 25, 2021, and exclusively commissioned by and paid for by our Company in connection with the Offer. The data included herein includes excerpts from the Zinnov Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. A copy of the Zinnov Report is available on website of our Company at [www.capillarytech.com/investors](http://www.capillarytech.com/investors) from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

### GLOBAL GDP AND MACROECONOMIC VARIABLES DRIVING THE GDP

**APAC and Emerging economies are expected to surpass developed economies in the coming years** The current global GDP of ₹ 6,253 trillion (US\$85 trillion) in 2020 is expected to grow at a 4% CAGR to reach ₹ 8,247 trillion (US\$111 trillion) by 2024. APAC GDP in 2020 is ₹ 2,341 trillion (US\$32 trillion) and is expected to reach ₹ 3,012 trillion (US\$43 trillion) by 2024, holding the world’s largest share with compounded annual growth rate of approximately 6%. About 85% of the global GDP can be attributed to 16% of the economies.

The below diagram provides the regional (i.e. North America (NA), Asia Pacific (APAC), and Europe, Middle East, and Africa (EMEA)) breakup of GDP.



(A) Source(s) : International Monetary Fund, Zinnov Analysis

### Emerging economies would dominate the world economy

6 of the 7 largest economies in the world are projected to be emerging economies by 2050 with China (1st), India (2nd), and Indonesia (4th) rounding out the top five. The GDP of E7\* countries (China, India, Indonesia, Brazil,

Russia, Mexico, and Turkey) is expected to be 2 times of GDP of G7\*\* countries (US, UK, France, Germany, Japan, Canada, and Italy) by 2040.

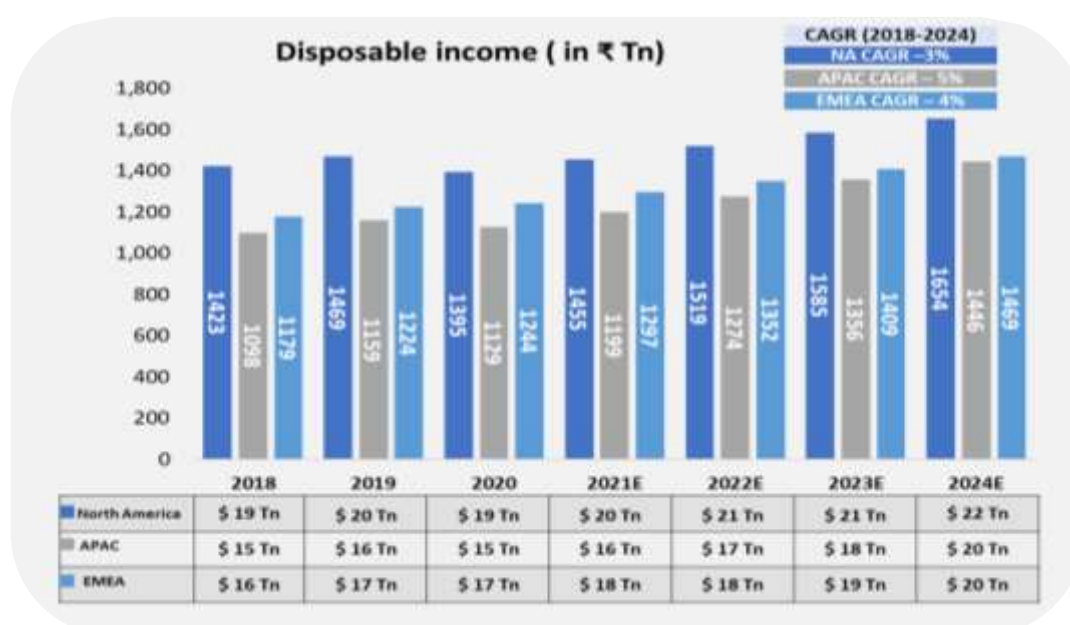
### ***APAC is rising to power from a global context***

APAC currently accounts for about 45% of the global GDP in terms of purchasing power parity and is expected to contribute more than half of the world's GDP (in terms of PPP) by the end of 2030. APAC turned out to be the most resilient region during COVID-19. It experienced the least degrowth, i.e., approximately 1%, compared to 3% degrowth in NA and 5% in EMEA.

### ***Rising disposable income across the globe***

Emerging middle class: The emergence of an aspiring middle class across the world is a significant demographic trend. The world is getting wealthier, and the discerning middle class is exhibiting rising disposable income and a readiness to pay for new and more compelling experiences.

The below diagram provides the regional (i.e. North America (NA), Asia Pacific (APAC), and Europe, Middle East, and Africa (EMEA)) breakup of disposable income – current and future – estimated, and regional CAGR.



Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source (s): OECD, World Bank, Zinnov Analysis

### ***Rising prominence of India and China in global consumption***

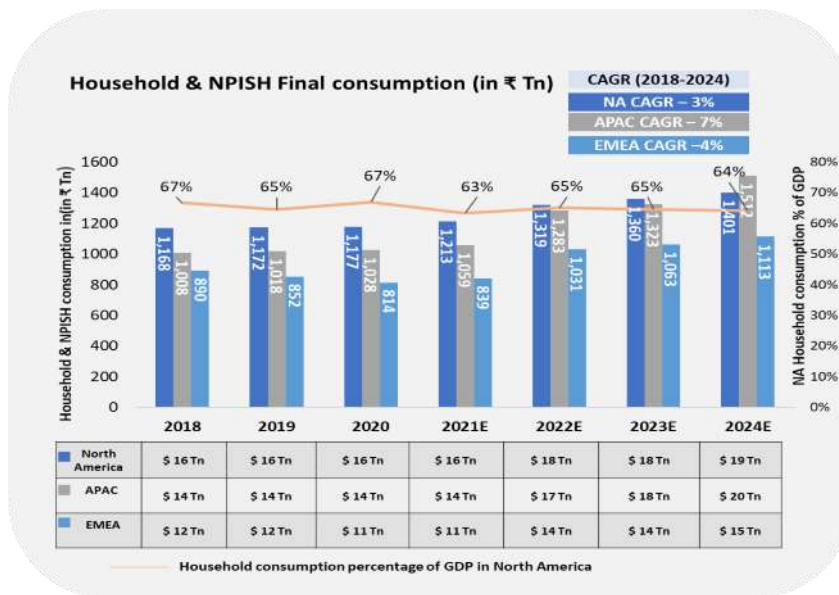
India is expected to be the 3rd largest consumer economy as its consumption may triple to ₹ 296 trillion (US\$4 trillion) in the next 5 years, owing to a shift in consumer behavior and expenditure. China's consumption is expected to reach ₹ 607 trillion (US\$8 trillion) by 2027, due to combined increase in house-hold incomes and decrease in savings rate.

### ***Impact of COVID-19 on global consumption***

Europe registered a decreasing trend in household consumption while some countries in APAC such as Indonesia and Philippines registered an increasing trend. No major impact on the contribution of household consumption to GDP was seen in North America in 2020. APAC would contribute around ₹ 1,512 trillion (US\$20 trillion) towards the global consumption and would be the largest consumption-driven economy by 2024, leaving North America behind by about 10%.

The figure below represents the global household and NPISH – non-profit institutions serving households

consumptions from 2018 to 2024 (estimated).



- Household consumptions' share of GDP is more than 60% in North America
- 2% projected increase in the contribution of household consumption to GDP from 2020-2024 in APAC region

Note:

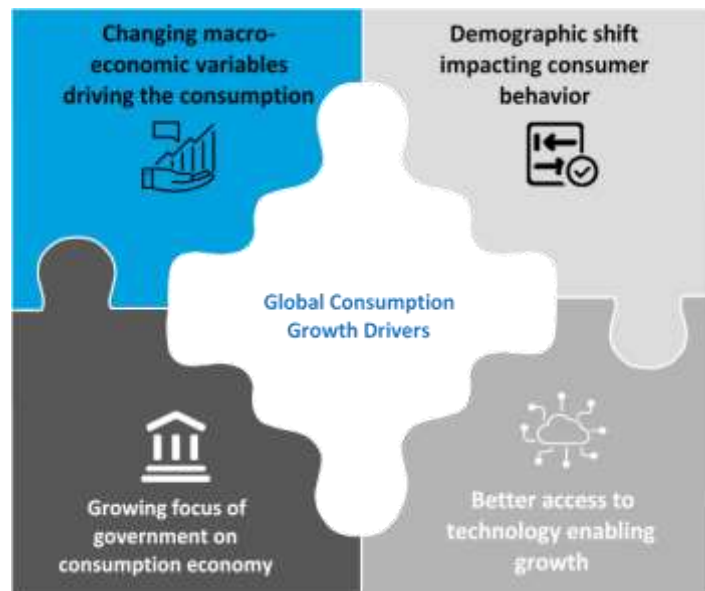
US\$ 1 = ₹ 74; E-Estimates

All the decimal values are rounded off.

Source (s): World Bank, Zinnov Analysis

### Multiple factors contributing to the growing global consumption

The growth in consumption is essentially driven by changing macro-economic variables, demographic shift impacting customer behaviour, better access to technology enabling growth, and governments' focus on consumption economy. The diagram, on the right, represents the key elements that are catalysing the consumption economy.



Global population under the poverty zone<sup>1</sup> has come down from 27% to <10% in the past two decades, resulting in growing consumption by approximately 3 times.

### Demographic shift impacting consumer behavior

Currently, Gen Z represents 40% of the customers, and is expected that Gen Z will surpass Baby Boomer and Millennial spending in the next 4 to 5 years. The size of the global middle class has nearly doubled from 2009 to 2017, and middle-class spending is expected to grow from ₹ 2,856 trillion (US\$ 39 trillion) in 2017 to ₹ 3,678

trillion (US\$ 50 trillion) by 2024.

### ***Growing focus of government on consumption economy***

The COVID-19 pandemic has forced economies to launch financial stimulus packages to aid consumption, with Western Europe countries allocating ₹ 296 trillion (US\$4 trillion) to foster consumption. With governments aiming for financial inclusion of citizens via loans and access to funds, India launched multiple policies, providing funds to people living below the poverty zone<sup>1</sup>, unemployed citizens, widows, etc.

### ***Better access to technology enabling growth***

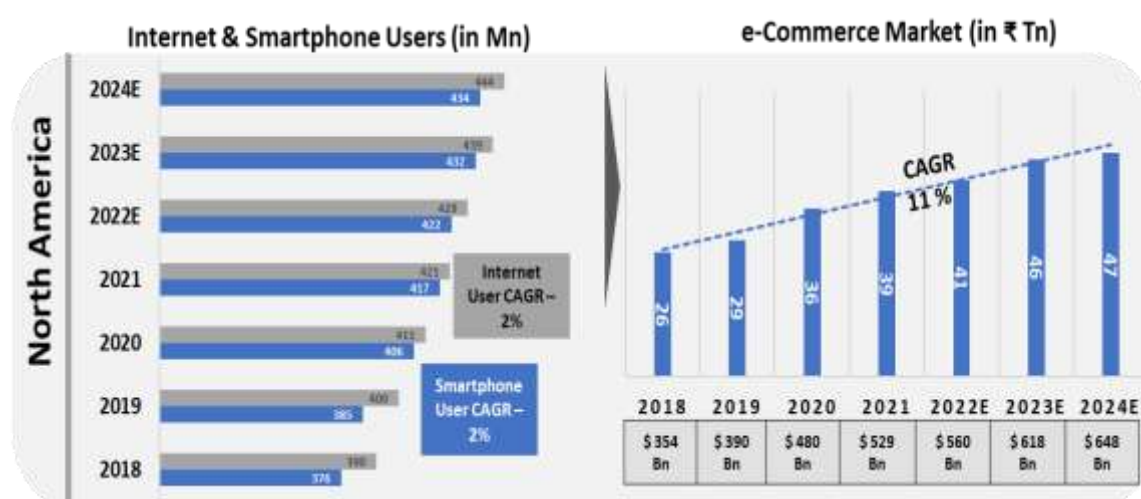
The growing smartphone and Internet penetration provide newer channels to customers. This has resulted in a paradigm shift, with smartphone users growing by approximately two times in the past five years alone. Emerging channels such as e-commerce have provided more convenience to customers. This has facilitated e-commerce sales in India, which is expected to grow by three times from 2017 to 2021.

*Note: 1 - Poverty zone represents the people who live on less than US\$1.90 a day, a threshold value set by the World Bank*

### ***Growth in Internet and smartphone penetration resulting in the growth of e-commerce globally***

Solid growth in smartphone users and Internet penetration, accompanied by intuitive, vernacular e-commerce applications are bridging the gap between the top-tier cities and tier-2/3 cities and rural regions. People now have access to commodities and services which otherwise were difficult to provision for in remote and less than top-tier cities. This phenomenon is increasing the service providers' coverage, and hence, ultimately augmenting the growth of the consumption economy. Also, COVID-19 has led to the increase in Internet usage as more people are now consuming streaming content, interacting through video calls, spending more time on surfing/mobile/social media, preferring video games over sports and shopping online. With mandated shutdowns and social distancing measures in place, people had limited access to the outside world and digitalization has helped bridge the gaps with e-commerce, platformization, digital health solutions, which led to the growth in internet consumption.

The chart below represents the growth of Internet and smartphone users, e-commerce market, and the growth drivers across the three regions.



*Note:*

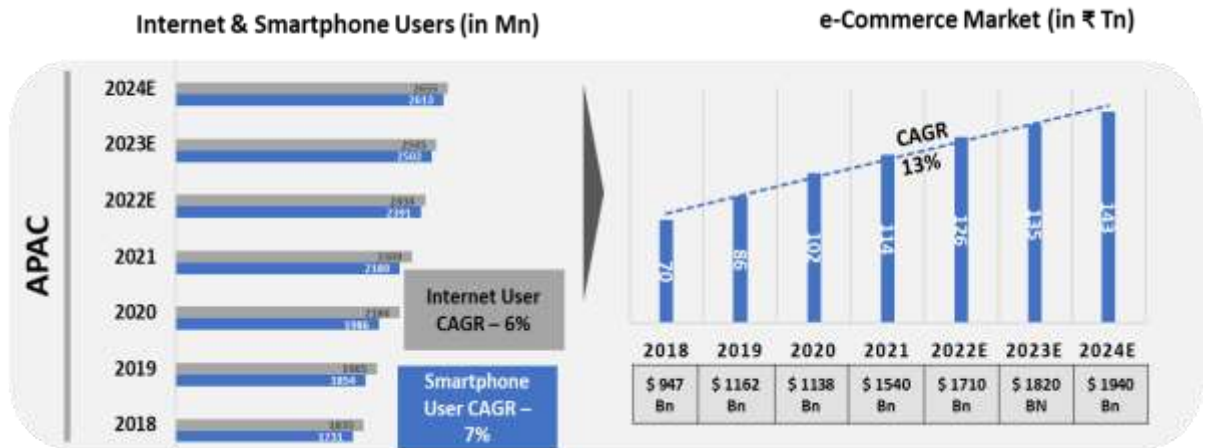
US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): World Bank, Zinnov Analysis

- COVID-19 acted as a catalyst for the e-Commerce market. In US, e-Commerce contributed **21% of total retail sales in 2020** as compared to 14% in 2018.
- High popularity of online payment modes; used for **47% of all e-Commerce transactions** in the US.





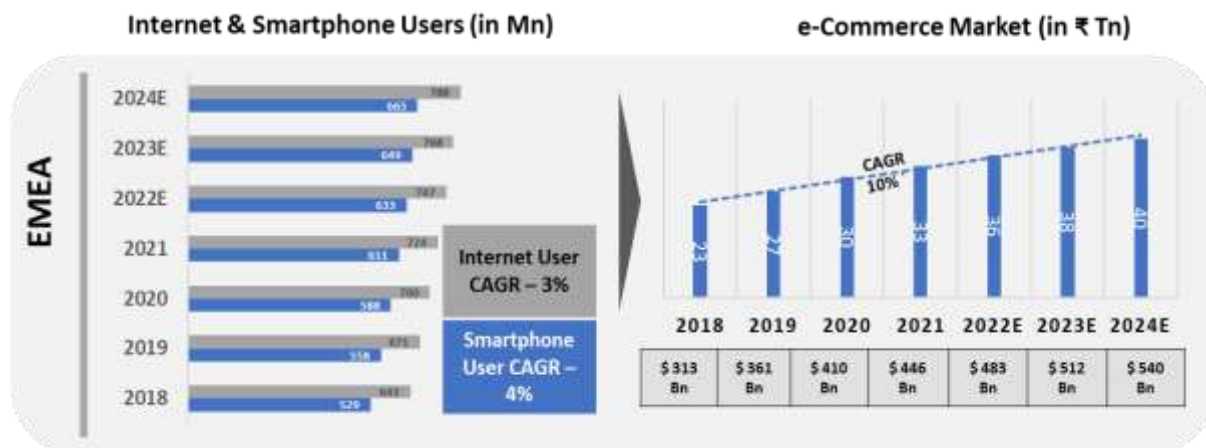
Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): World Bank, Zinnov Analysis

- Relatively young tech-savvy population, Millennials and Gen Xers ~50% more time on online shopping than their older counterparts.
- High growth in social media usage for sales; in 2019, one in four business owners were selling through Facebook.



Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): World Bank, Zinnov Analysis





- Online spending in Europe is much higher; in the UK and France, e-Commerce penetration was ~48% in late 2020.
- The e-Commerce value growth rate was ~16 times in Italy than offline retail growth rate in 2020.

## GLOBAL CONSUMER INDUSTRY OVERVIEW

*Consumer-facing industries are primarily driving the consumption globally*

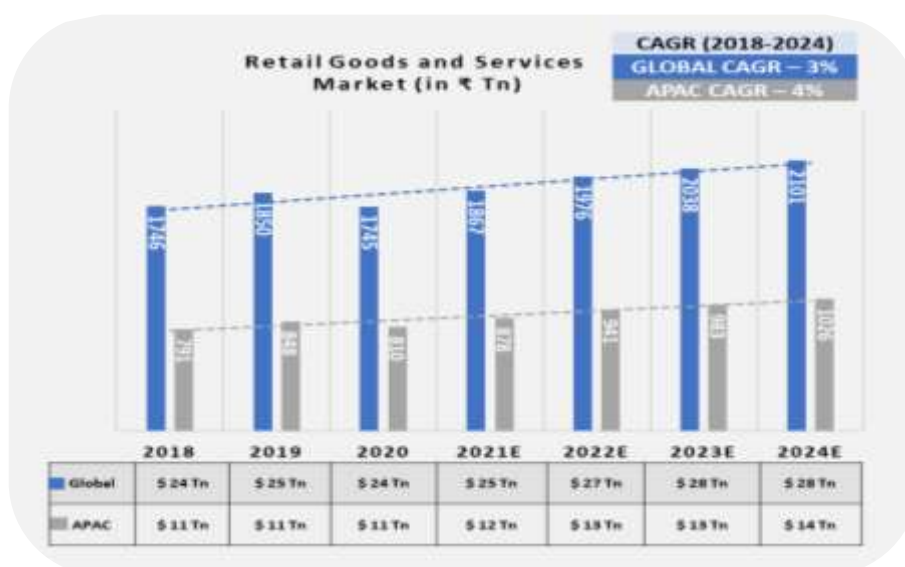
The global Consumer industry is projecting a great growth potential in the coming years. Demand for various consumer-facing industries such as Retail, Quick Service Restaurants (QSR), Consumer Fuel, and Travel and Hospitality is on the rise. The major factors propelling the growth of the consumer market are changing customers' lifestyle, coupled with increasing disposable income across the globe. The Retail industry is one of the major consumer-facing industries, which continues to experience growth, owing to the increasing demand for electronics, clothing, and other retail products around the globe. This report includes research on 4 consumer-facing industries, i.e., Retail Goods and Services, Quick Service Restaurants (QSR), Consumer Fuel, and Travel

and Hospitality.

INDUSTRY VERTICAL	DEFINITION	SUB-VERTICALS
 <b>Retail Goods and Services</b>	Retail goods capture in-store as well as catalogue and other out-of-store of both durable (last for more than three years) and non-durable goods	Fashion & Apparel, Department Stores, Convenience Stores, Food & Beverage, Consumer Electronics, Furniture Stores & Luxury Goods, Pharmacy and Wellness, etc.
 <b>Quick Service Restaurants (QSR)</b>	Food outlets that offer food items which require minimal preparation time and delivered through quick services	Fast-food Outlets, Small Table Services, etc.
 <b>Consumer Fuel</b>	Fuel, including oil and natural gas, consumed by the customers for domestic usage	Retail Fuel Gas Stations and Home (Liquid Petroleum Gas) Fuel
 <b>Travel &amp; Hospitality</b>	Industry focused on sales of accommodation and food services and related goods	Accommodation & Lodging Services, Food Services

### Global Retail Goods and Services market overview

Global Retail Goods and Services Industry was ₹ 1746 trillion (US\$ 24 trillion) in 2018 and is expected to reach ₹ 2101 trillion (US\$ 28 trillion) by 2024, projecting a growth rate of 3% during 2018 to 2024. Asia Pacific is expected to dominate the growth of the global Retail market due to the growing penetration of smartphones, mobile devices, and Internet services in this region. The industry is mature, highly competitive, and growing at a significant rate in the developed economies such as Europe and North America. Developing economies such as Middle East and Latin America are becoming instrumental in driving market growth.



Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): Zinnov Analysis

### COVID-19 impact on Retail Goods and Services industry

In 2020, the retail sales declined by 6% compared to 2019. However, the industry is gradually recovering from the COVID-19 impact and projecting a growing trend. This is mainly due to the companies rear-ranging their operations which had earlier been hindered by restrictive containment measures involving social distancing, remote working, and the widespread closure of commercial activities. Due to long-term lockdown restrictions, there has been a spike in e-commerce sales, which further fuelled the growth of the industry.

### Market growth drivers and enablers for Retail Goods and Services industry



*Urbanization:* Rapid urbanization and rising consumption across the globe are fuelling the growth of the Retail industry. In the next 5 years, urban customers will inject ₹ 1480 trillion (US\$20 trillion) per year into world economy.

*Rising Incomes:* In developing economies such as Africa, increased spending per household which accounted to 40% of consumption growth, is driving the growth of the Retail Goods and Services industry.

*Digital Penetration:* Rural digital penetration is growing approximately 3 times faster than urban penetration in developing countries, leading to higher consumption rates across the industry.

*Government Initiatives:* To spur spending in the wake of the pandemic, supply-side policy interventions by governments such as a cohesive National Retail Policy are unlocking the next phase of growth for the industry.

### ***Market trends shaping Retail Goods and Services industry***

*Social Commerce:* With higher number of social media users and rising online purchases, social commerce is increasing the demand of the Retail Industry. In fact, social media recommendations motivate 28% of millennials to buy various products.

*Technology:* COVID-19 has proven to be an incredible challenge for the retail industry, but technology has brought a great deal of progress and improvement over the course of 2020 and 2021. Tools like machine learning, data science, computer vision, augmented reality, and more have shown that 2020's challenges have been an opportunity for improvement and retailers are investing in these technologies to keep up with a rapidly changing marketplace and consumer demands

*Partnerships:* e-commerce businesses are partnering with millions of SMBs and merchants to expand their ecosystem. Spring Thunder Initiative by Alibaba in 2020 helped SMBs to expand into new markets through AliExpress and Lazada platforms.

*Multi-channel Interaction:* Retailers around the world are adopting the BOPIS (Buy online, pick-up in-store) model to meet evolving customer expectations. Approximately 67% of shoppers in the US preferred BOPIS while making purchases.

### ***Challenges faced by Retail Goods and Services industry***

*High Logistics Costs:* Logistics cost is one of the biggest expenses for retailers. It is even higher in countries like Egypt, Brazil, that lack proper delivery infrastructure. However, retail organizations across the globe are leveraging several transportation strategies such as rationalizing number of carriers, consolidating shipments, using single sources for all transportations, to reduce costs.

## **Overview of Loyalty Market and Customer Engagement in Retail Goods and Services Industry**

### ***Loyalty Market***

Due to COVID-19-led social distancing, customers preferred purchasing online, and retailers leveraged various avenues such as loyalty management programs to attract and retain customers. However, brands weren't equipped with the right platform or the strategy to perform end-to-end online commerce operations consistently. To address this challenge, retailers are investing in technologies such as AI/ML, AR, etc., to conduct end-to-end e-commerce operations, to enhance customer experience and drive customer loyalty through various loyalty programs. Successful adoption of loyalty programs will help retailers to outperform the competition and retain customers in the long run.

A leading retailer runs a successful mobile-based loyalty program and continuously updates its platform with the latest technologies to provide new, personalized campaigns or offers and a seamless experience to the customers.

### ***Customer Engagement***

In the new digital world, customers are rapidly adapting new trends and technologies, and retailers are engaging

with customers by providing omnichannel experience, converting in-store visits into digital experiences with the help of AR and redefining the online shopping experience with interactive shoppable videos.

### Global Quick Service Restaurants market overview

The global QSR market was ₹ 64 trillion (US\$ 862 billion) in 2018 and is expected to reach ₹ 72 trillion (US\$ 976 billion) by 2024, projecting a growth rate of 2% during 2018 to 2024. Asia Pacific is anticipated to grow enormously on account of increasing middle income groups and rapid urbanization.



Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): Zinnov Analysis

### Impact of COVID-19 on QSR industry

While many fine dining restaurants have shut down because of the ongoing pandemic, the QSRs with their emphasis on efficient delivery mechanism, are recovering to the pre-pandemic levels. As the pandemic pushed people to avoid physical contact, QSRs are leveraging delivery and takeaway channels efficiently to overcome the challenge.

### Market growth drivers and enablers for QSR industry

**Rise in Millennials and Gen Z population:** This segment would contribute approximately 60% of the workforce in the next 4 to 5 years, making it a dominant customer segment with habits of ordering food offsite.

**Shift in working class, technology, and choices:** The rise in number of working women, tech-savvy ordering options, rise in demand for international cuisines, and changing consumer tastes and preferences are driving the QSR market.

### Market trends shaping the QSR industry

**Adoption of new-age technology:** QSRs are using predictive analytics to manage inventory levels and multi-location menus. This is enabling business owners to easily review the exact quantities of what they have on the shelf at any given time, thus preventing over-ordering, reducing food waste, and decreasing losses.

*Self-ordering:* QSRs are implementing self-ordering options (order foods online for quick pick-up) along with onsite digital menu boards to provide a better customer experience.

*Increase in food delivery start-ups:* There are 1600+ food delivery start-ups globally, and in developed nations such as US, food delivery revenue grew by 3 times from 2015 to 2020 to reach ₹ 2 trillion (US\$ 26 billion). The growing food delivery Industry is driving the QSR industry.

*Key challenge faced by the QSR industry*

*Pricing Strategies:* Increasing competition is leading to extremely thin margins in the QSR industry. Low margins pose a risk, as overall returns get diminished. To overcome this challenge, QSRs are optimizing their menus with offerings that do not overburden operations to increase profitability.

## **Overview of Loyalty market and Customer Engagement in QSR industry**

### ***Loyalty Market***

2020 has been a difficult year for quick service restaurants (QSRs). As the pandemic raged on, diners turned to home-cooked food. Customers cut back on their food spending and opted to stay indoors. To combat the situation, QSRs augmented their mobile applications with loyalty management programs for incentivization and to provide personalized experiences.

As customer behavior continues to demand excellence in digital experiences starting with a digital ad and ending with reward points, loyalty programs will continue to gain momentum and will become an even greater driver of sales for QSRs in the future.

A leading QSR chain rolled out loyalty programs that ease ordering and enticed consumers back with gamification, personalization, and discounts.

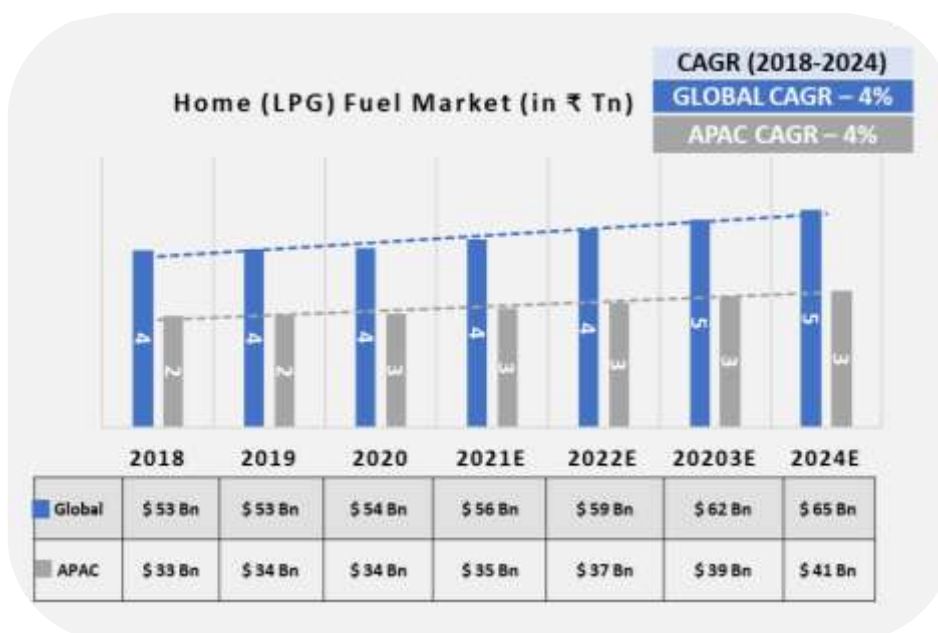
### ***Customer Engagement***

QSRs are rapidly adapting to the digital-first world by creating best-in-class experiences for their customers and engaging with them through mobile apps, websites, and other digital channels to enhance the digital ordering experience and drive desired customer outcomes.

## **Global Consumer Fuel Market Overview**

The global Consumer Fuel market is showing a significant growth potential in the coming years. The rise in consumption due to population growth and increase in household disposable income are driving the growth of the market.

The global Home Fuel market was ₹ 4 trillion (US\$ 53 billion) in 2018 and is expected to reach ₹ 5 trillion (US\$ 65 billion) by 2024, projecting a growth rate of approximately 4% during 2018 to 2024. The industry is growing at a significant rate owing to rise in consumption due to population and increase in household disposable income.



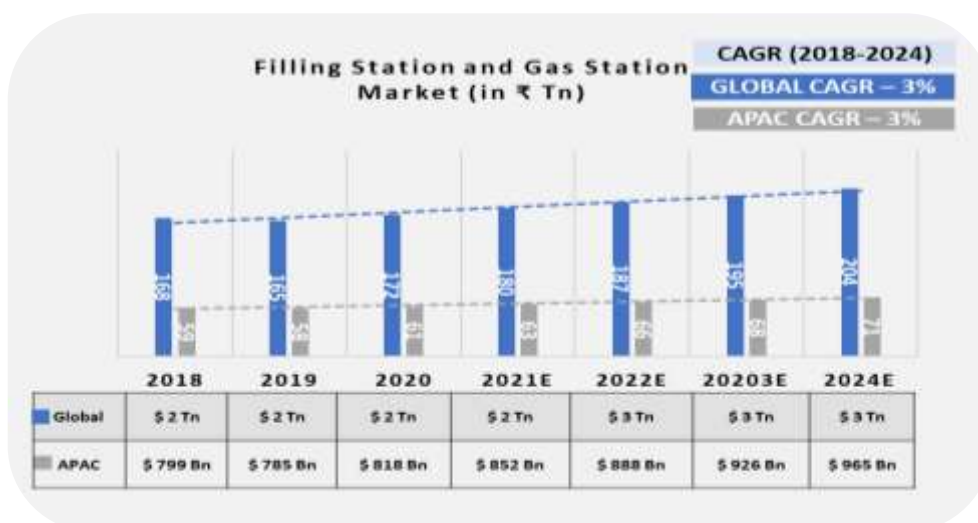
Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): Zinnov Analysis

The global Gas Station market was ₹ 168 trillion (US\$ 2 trillion) in 2018 and is expected to reach ₹ 204 trillion (US\$ 3 trillion) by 2024, projecting a growth rate of 3% during 2018 to 2024.



Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): Zinnov Analysis

### COVID-19 impact on Consumer Fuel industry

Like many industries, fuel retail was severely affected by the global pandemic in 2020, with fuel volumes in some months more than 50% down from the previous year. However, most markets have experienced a rapid recovery as private mobility rebounded, partly because public transportation was perceived to present an infection risk.

### Market Growth Drivers for Consumer Fuel industry

**Growing sales of passenger vehicles:** The global Passenger Cars market is estimated to be ₹ 118 trillion (US\$ 2

trillion) in 2021 and is expected to reach ₹ 145 trillion (US\$ 2 trillion) by 2024, projecting a growth rate of 7% during 2021 to 2024.

*Supportive government initiatives:* Governments of developing nations such as India, Turkey, and Brazil are providing subsidies for using LPG as a cooking fuel in rural areas. Pradhan Mantri Ujjwal Yojana by Indian Government aims to provide LPG connections to BPL (below poverty line) households.

### ***Market trends that are shaping Consumer Fuel industry***

*Fuel plus convenience models:* Major fuel players partner with retail store chains to provide utilities at fuel stations. For example, BP's partnership with Deliveroo in the UK, Shell's partnership with Food Panda in Singapore, and 7-Eleven's partnership with Door Dash in the US.

*Shift in consumer behaviour:* Fuel demand will also be reshaped by behavioural changes among customers. The shift from public transportation to private vehicles, seen as the ultimate personal protective equipment due to COVID, is likely to increase demand.

*Rising demand for Electric Vehicles:* The global Electric Vehicle market is amped up, and the EV charging market size is expected to rise at 34% CAGR during 2020 to 2024. EV charging hubs will increase retail fuel market cap with EVs' heavy adoption in the near future.

### ***Key challenges faced by Consumer Fuel industry***

*Costlier supply chain for retail fuel:* Transporting, storing, and delivering oil to fuel stations is becoming expensive in the current economy, and its cost is projected to rise in the near future.

*Increasing logistics costs for LPG:* Due to poor transportation infrastructure, LPG delivery to households add approximately 20% to 30% to the total cost.

## **Overview of Loyalty market and Customer Engagement in Consumer Fuel industry**

### ***Loyalty Market***

At the height of the pandemic in 2020, fuel demand plummeted as shelter-in-place restrictions were enforced and, therefore, mobility slumped. The result was a change in consumers' perception of fuel savings as a reward. As people returned to work and travel increased, we are seeing fuel volumes return to normal levels and more consumers are using their fuel-saving loyalty rewards again. By building the right customer experience, which combines convenience, innovation, and loyalty programs, fuel merchants will gain profitability as well as brand loyalty. Hence, loyalty programs will become crucial in driving the business growth for the fuel sector in the future.

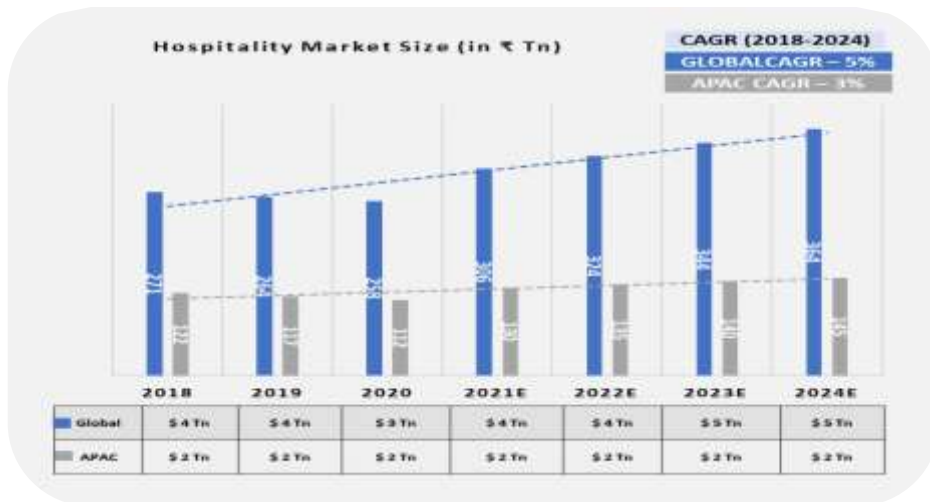
A Spanish fuel retail brand offers a digital wallet and universal payment app that lets consumers pay by phone, earn points, and save during transactions, all from a single app.

### ***Customer Engagement***

With on-the-go drivers' sensitivity towards staying on schedule, the key to delighting customers is providing services that are timely. To address this need and engage with customers effectively, fuel brands are investing in digital technologies such as cashless payments that help reduce transaction times for the customers while increasing transaction security.

## **Global Travel and Hospitality Market Overview**

The global Travel and Hospitality market is estimated to be ₹ 271 trillion (US\$ 4 trillion) in 2018 and is expected to reach ₹ 364 trillion (US\$ 5 trillion) by 2024, projecting a growth rate of 5% during 2018 to 2024. North America is anticipated to witness the most significant market growth during 2021 to 2024. However, tourists going to and from emerging economies, particularly countries in Asia and South America, are also driving the growth of the industry.



*Note:*

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): Zinnov Analysis

### ***Impact of COVID-19 on the Travel and Hospitality industry***

COVID-19 has impacted every industry throughout the world, with Travel and Hospitality being one of the hardest hits. The global travel demand fell by an estimated 73% in 2020 – a loss of approximately 1 billion visitor arrivals. However, Travel and Hospitality is gradually recovering and projecting a growing trend with ease in lockdown restrictions and rise in domestic tourism.

### ***Market growth drivers for Travel and Hospitality industry***

**Boost from Government initiatives:** Government initiatives are supporting the recovery of Travel and Hospitality through partnerships. G20 conducted the first-ever public-private tourism forum to discuss and plan for the recovery of the tourism Industry.

**Bleisure travel:** Almost half, 49% of millennials claim that they have extended corporate travel to a leisure trip or planned a business travel break to save on holiday expenses. The growing popularity of bleisure travel is driving the growth of travel and tourism Industry.

**Innovative commercial strategies:** The travel industry is embracing flexible pricing models and later booking windows to reduce customer discomfort for last-minute cancellations to drive the growth. Ex. EasyJet offers Protection Promise program that gives flyers to do free changes up to two hours before the flight.

### ***Market trends that are shaping the Travel and Hospitality industry***

**Rise in domestic travel:** Travelers are choosing home destination for vacation due to COVID restrictions.

**Rise in solo travellers:** According to Cox & Kings, the solo traveller segment is the second-most popular category constituting 18% of global bookings in 2020.

**Adoption of new-age technologies:** The trend towards digital and contactless services have gained new momentum in 2020. Hoteliers are now managing the services they provide to their customers and controlling many aspects of the guest cycle and experience by adopting new-age technologies.

**Customization:** With strong emergence of tour management and vacation rental technologies, companies like Triptile are providing fully customizable tour planning options.

### ***Key challenges faced by Travel and Hospitality industry***

**Customer behaviour shift:** Ensuring safety and readiness to respond quickly to health and safety concerns are now of high importance. In the post-pandemic era, 73% of people prioritize health and safety precautions while

selecting their place for accommodation.

*Taxation:* Tourism is one of the most taxed industries. To overcome this, the tourism industry is providing competitively priced offerings to balance the equation.

## **Overview of Loyalty market and Customer Engagement in the Travel and Hospitality industry**

### ***Loyalty Market***

With the travel restrictions in place due to the pandemic, the Travel and Hospitality vertical has been adversely impacted. To overcome this challenge, the travel and tourism industry witnessed more partnerships form across the sector in loyalty programs, not only displaying increased collaboration in travel's recovery, but offering a wider range of services to customers. Various travel companies are now repositioning loyalty programs as value-oriented, rather than solely price focused in post-pandemic travel, as they seek to tap into individuals' desire for budget experiences. Going forward, an effective loyalty program would provide value-adds to end-users, and better return on investment and increased revenues for companies in Travel and Hospitality vertical.

A leading travel chain offers loyalty programs that combine tiered membership with reward points.

### ***Customer Engagement***

It is evident that customers' perception of experience and engagement have been molded by the COVID-19 crisis. It has now become a necessity to digitally engage with customers and provide exceptional and seamless experience. Many travel and hospitality companies are investing in digital technologies such as Analytics, AI, Facial Recognition to deliver more targeted services, better pricing strategies, and personalized travel experiences.

## **Global Cloud-based Services Market**

The global Cloud Services market was valued at US\$ 326 billion (₹ 24 trillion) in 2019 and is projected to reach US\$ 674 billion (₹ 50 trillion) by 2024, registering a CAGR of 16%. The COVID-19 outbreak has considerably boosted growth of the Cloud Services market, owing to the accelerating demand for the cloud to support several crucial applications in e-commerce and remote work culture for efficient business operations, as well as entertainment platforms such as online gaming and video streaming.

### ***Top factors driving Cloud Services market***

*Increase in adoption of Cloud in SMEs:* There is a great demand for Cloud-based services due to the advantages it offers such as cost cutting and business flexibility, which proves to be a boon to SMEs. The need for Cloud-based services is rising due to the growth of these small and medium enterprises.

*Rise in Cloud services adoption in developing regions:* The Cloud-based services market would find great opportunity in developing economies, as there is an opportunity to save IT expenditures by adopting Cloud services. Also, cloud provides an attractive opportunity for the fiscally constrained governments of these regions to improve access to health care, education, commerce and finance through initiatives such as mobile health care, mobile education, e-commerce, and mobile banking along with administrative advantages such as easier software access, rapid deployment and reduced system administration. Hence, developing countries are keen on adopting cloud-based services.

## **Global Customer Engagement Software Market**

### ***Customer Engagement is critical for the consumer-facing industries in today's era***

The demands of today's customers are rapidly changing, and customer engagement is one of the most important aspects for a company to be successful. It is no longer limited to sales, support, or services; instead, it's an ongoing practice of brands anticipating customers' needs and keeping in touch with them to foster lasting relationships, loyalty, and hence, business growth.

### ***Key factors driving customer engagement***



### ***Customer Engagement has evolved from being merely transactional to behavioral intuitive***

In today's connected world, communication and customer engagement between brands and customers have changed radically, together with paradigm shifts across interaction channels, engagement strategies, business metrics, and underlying technologies.

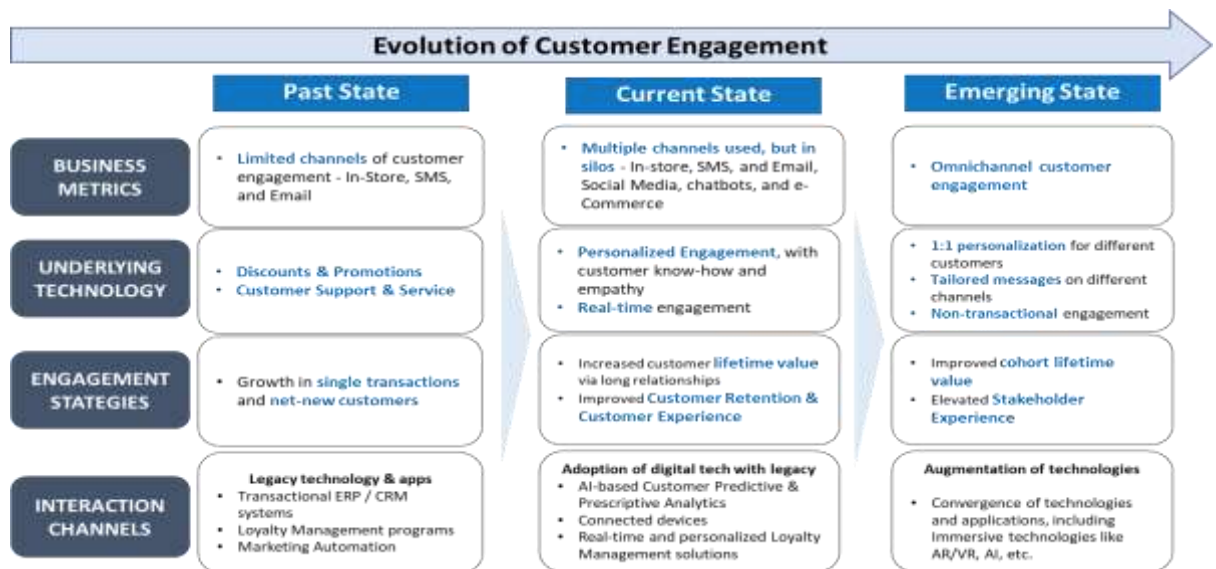
**Interaction Channels:** In the past, companies had limited channels of interaction with their customers such as e-mails and SMS. While in the current digital world, the demand for omnichannel engagement with the customers is on the rise. 40% of customers will not do business with a company that can't use their preferred engagement channel.

**Engagement Strategies:** With increasing expectations from the customers, traditional engagement strategies such as discounts and coupons are now being replaced by personalized interactions and incentives. 52% of customers expect only personalized offers.

**Business Metrics:** Earlier, companies were focusing on growing single transactions and acquiring new customers. In an increasingly competitive world, companies are now keen on improving cohort lifetime value, customer retention rate, and elevating stakeholder experience by engaging with customers in novel ways. A 5% growth in customer retention rates can improve profitability by 25% to 95% for a business.

**Underlying Technologies:** With the evolution of digital technologies, legacy transactional systems are becoming obsolete and new-age technologies such as AI, Analytics, and Augmented Reality (AR)/Virtual Reality (VR) are being adopted by companies to enhance customer engagement. 59% of customers feel the AI will revolutionize their interaction with businesses.

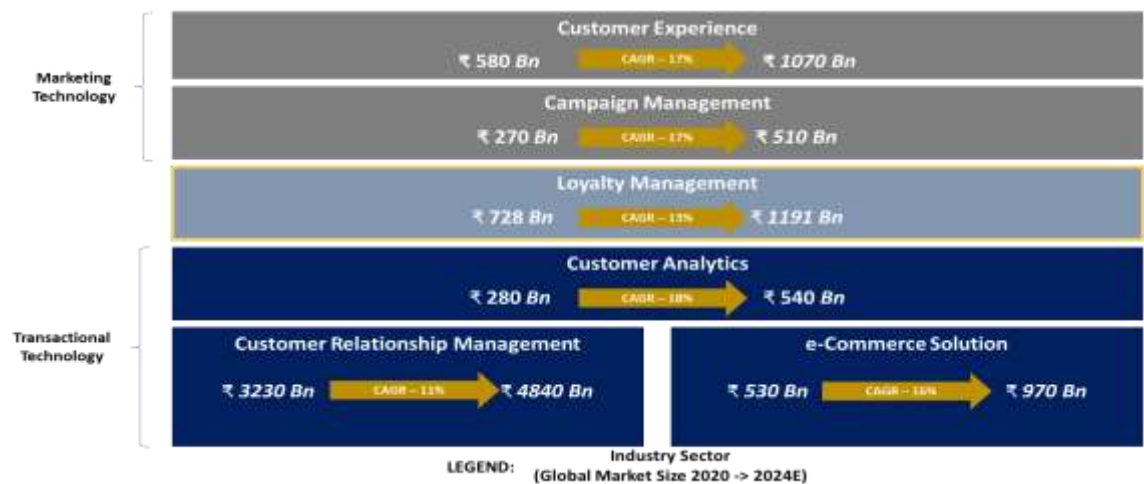




Approximately 80% of businesses are planning to either increase their spending or keep the spending consistent over the next year, on customer experience initiatives.

**Loyalty Management, sitting between marketing and transactional tech, is pivotal to customer engagement**

Customer Engagement encompasses interest, loyalty, and commitment. All these factors are paramount to business growth. Enhancing customer interaction and driving customer loyalty are integral to the success of a company.



Note:

The above market size numbers represent the global market size

Source: Zinnov Analysis

Customer loyalty is a conscious and subconscious preference and the perception a customer possesses towards a brand or an enterprise's products or services. The key characteristics of a loyal customer include the following:

- Not actively searching for different suppliers
- Willing to refer a brand to their family and friends
- Open to other goods or services provided by a particular business
- More understanding when issues occur and trust a business to fix them
- Willing to offer feedback on how a brand can improve its products or services
- Inclined to continue purchasing from the brand whenever the need arises

Understanding the key characters of a loyal customer and engaging them with a well-designed and well-executed loyalty program can help companies *retain existing customers, attract new customers, reduce turnover, and drive*

profits.

**The Loyalty Management market is expected to grow at a 9% CAGR during the 2018 to 2024 period**



Note:

US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source(s): Zinnov Analysis

The global Loyalty Management market size is estimated to be ₹ 810 billion (US\$11 billion) in 2021 and is expected to cross ₹ 1,190 billion (US\$16 billion) by 2024.

### **Global Loyalty Outlook**

The Global Loyalty Management market is witnessing significant growth as companies across various industries are adopting loyalty solutions to increase sales and customer retention.

**Customer Retention:** Brands are increasing investments in loyalty programs because a 5% rise in customer retention can lead to 25% to 95% increase in profitability.

**Sales:** Various organizations are focusing on adopting loyalty programs to gain a competitive edge in the market and increase the sales for brands.

**APAC region is projected to grow at 20% and is expected to hold the world's largest share by 2024**

The APAC Loyalty Management market is estimated to be ₹ 229 billion (US\$3 billion) in 2021 and is expected to reach ₹ 400 billion (US\$5 billion) by 2024, projecting a significant growth rate of 20% during 2021 to 2024. It is expected to beat North America in the next 4 to 5 years.

### **Regional Outlook**

**North America:** The US is an evolved loyalty market. The advent of digitalization and availability of non-transactional data is driving companies in the US to switch loyalty platforms. Also, companies in North America are enhancing customer experience and satisfaction through loyalty programs.

- **Customer Satisfaction:** In the US, 80% of the customers belong to some loyalty programs. Brands in this region are focusing on optimizing customer satisfaction.
- **Market dynamics:** North American loyalty market is growing, however it's projecting a declining trend in terms of the percentage contribution to global loyalty market.

**APAC:** Asian brands are engaging with customers through various loyalty programs such as influencer loyalty, gamification, coalition loyalty, etc., to meet the expectations of their increasingly demanding customer base.

- **Influencer loyalty:** Brands in China are investing in influencer loyalty as 40% of the customers are affected by them.
- **Market dynamics:** APAC is expected to grow at a significant rate and will hold the world's largest share in next 4 to 5 years.

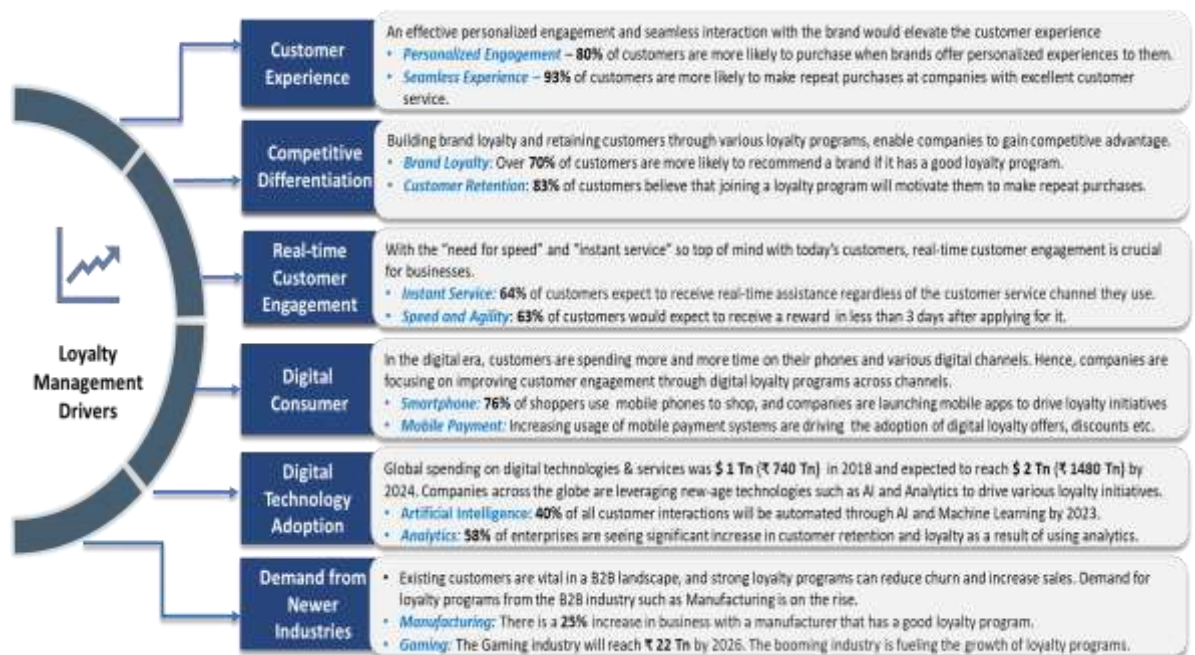
**EMEA:** In EMEA, personalized loyalty management programs are gaining popularity with brands in these countries increasingly investing in technologies for improved customer engagement.

- **Personalization:** Companies are investing in AI as 33% of customers abandon a brand that lacks personalization.
- **Market dynamics:** Rising adoption of loyalty programs by airlines, banks, tourism sector are expected to drive the growth of this region in the forthcoming years.

### **Customer Experience and Competitive Differentiation are key drivers of loyalty**

Two decades into the 21st Century, the world has more complex brands and mediascapes. It is more data-rich and technologically intensive. In a hyper-competitive world, brands and enterprises find it increasingly difficult to build and maintain loyalty of consumers. However, a well-designed and implemented loyalty program has a high positive impact on the business and customer loyalty.

Providing positive customer experience, the desire to gain competitive edge, the need for real-time customer engagement, the rising numbers of digital-savvy customers, the availability of digital technologies, the increased demand from newer industries, etc., are driving the adoption of loyalty management solutions. In a more complex marketplace with more sophisticated customers, elevating customer experience and achieving competitive differentiation through loyalty programs are crucial for business growth.



*Note:*  
 US\$ 1 = ₹ 74\*; E-Estimates  
 All the decimal values are rounded off.  
 Source(s): Zinnov Analysis

## Impact of COVID-19 on Loyalty Management

*A surge in digital transactions, resulting from COVID, is giving push to loyalty management solutions.*

During the pandemic, customers dramatically moved towards online channels, and companies and industries are responding in turn. As the lockdowns forced people to stay at home, there is a surge in digital transactions and e-commerce spending by customers. Also, a shift to digital communication generated tons of data, which enabled organizations to analyze customer behavior and adopt digital technologies such as AI and Analytics to personalize engagement with customers and drive loyalty. Loyalty programs are thus becoming slightly more appealing since lockdowns and will experience more positive impact in the coming years.

Travel and tourism are among the most affected industries, with a massive dip in international demand amid global travel restrictions, including many borders being fully closed, to contain the spread of the virus. To overcome the resultant challenges, the industry is embracing loyalty programs to drive sales. Maldives tourism Industry launched the first loyalty program – rewarding travelers based on the length of their stay and their spend while in-country.



Source(s): Zinnov Analysis

## Loyalty Management: Global Trends

*The global market trends are reshaping the loyalty management strategy for businesses.*



**Omnichannel Loyalty:** 67% of customers use multiple digital channels while interacting with brands. Customers are using up to 6 touchpoints, with approximately 50% regularly using more than 4 touchpoints. A leading sports apparel retailer has been offering benefits to its members, not just on mobile, web, and email, but also in its physical stores.

**Behavioral Incentivization:** 70% of emotionally engaged customers spend up to 2 times or more. A European Consumer Goods player is using QR codes from its wide range of 60 million codes for specific events as part of



its loyalty program.

**Gamification and Customer Experience:** 87% of North American retailers are planning to invest in gamification as part of their loyalty programs, in the next 5 years. A leading QSR chain uses gamification and updates customers on what prizes nearby customers are winning to drive engagement.

**Tech-driven Solutions:** Approximately 58% of enterprises prefer technology solution and service providers as the most trusted partners to design loyalty programs. A Luxury goods retailer adopted an AI-based loyalty solution to offer 1:1 personalized recommendation to drive incremental revenue.

**Cloud-based Solutions:** 46% of businesses prefer third-party solutions hosted on Cloud for deploying loyalty management solutions, whereas 32% prefer SaaS-based third-party solutions. A leading Indian conglomerate is migrating from legacy on-premises solution to a SaaS platform to enable loyalty programs across different business groups.

### **Loyalty Management: Regional Trends**

*Demand for Omnichannel and Gamification is on the rise across regions.*

	NA	EMEA	APAC
Omnichannel loyalty is a growing trend across the globe	✓	✓	✓
Personalized loyalty program being used as a tool to drive CX	✓	✓	✓
Gamification has emerged as a key attribute in driving non-transactional engagement	✓	✓	✓
Tier-based loyalty has always been the base of loyalty programs across the globe	✓	✓	✓
Market consolidation is on the rise	✓		

Source(s): Zinnov Analysis

**Omnichannel Loyalty:** A leading fashion retailer in the UK is fusing its e-commerce site, mobile app, and brick-and-mortar stores into a simple shopping experience by providing integrating rewards across channels.

**Personalized Loyalty Program:** A leading retailer brand in North America is using real-time dynamic vouchering system which helped the brand realize a hit rate of 8%, compared to the previous hit rate of 4% while using flyers.

**Gamification:** A leading hospitality brand solicited customers to play games and earn rewards, who accounted for 20% of the additional US\$1 million (₹ 74 million) achieved through campaigning.

**Tier-based Loyalty:** A multi-national coffeehouse chain in China revamped its existing loyalty structure and provided tier-based rewards to cater to the local audience which resulted in a rise in revenue, despite COVID.

**Market Consolidation:** Due to the fragmented nature of loyalty market with multiple family-run and smaller players, there is a visible trend of consolidation and acquisition in the U.S. In 2020, Aimia's Loyalty Solutions business was merged with Kognitiv Corporation. The merger redefined loyalty programs to enrich member engagement and enhance customer loyalty.

### *Omni-channel and Non-transactional Engagement cut across industries*

	Retail	QSR	Consumer Fuel	Conglomerates	Travel & Hospitality
Rise of Omnichannel Loyalty	✓	✓	✓	✓	✓
Transforming Experience by Integrating Behavioral Incentivization and Gamification	✓	✓	✓	✓	✓
Rise in Cashback and Event Loyalty Solutions	✓	✓	✓	✓	✓
Umbrella Loyalty for Campaign Building, Execution, and Reporting	✓		✓	✓	✓

Source(s): Zinnov Analysis

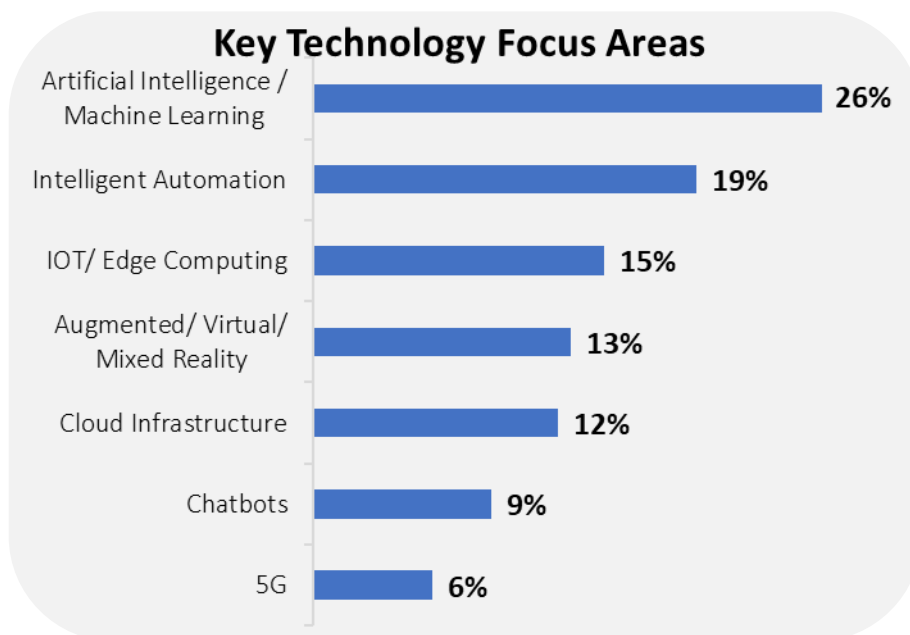
**Omnichannel Loyalty:** A leading beauty giant integrated an omnichannel platform that connects shoppers' online purchases to their in-store visits and provides beauty workshops and complimentary makeovers.

**Gamification:** A leading oil retailer is offering badges for drivers who reach certain milestones and reward double points to those who manage to get a round figure while fuel refilling.

**Event-based Loyalty:** A leading QSR offers birthday discounts, with the bonus of earning double points with consecutive orders.

**Umbrella Loyalty:** A leading Indian conglomerate offers multi-brand loyalty programs through partnerships with various brands, which allows customers to earn and redeem points on daily shopping.

### *AI and Intelligent Automation have become key technologies of loyalty management programs*



Note : The percentages plotted on the graph are obtained through a global CXOs survey conducted across the verticals in focus – pertaining to loyalty management program focus areas in terms of loyalty management.

Note : All the decimal values are rounded off.

Source: Zinnov Analysis

According to a survey of 50 CXOs from across retail, QSR, consumer fuel, and travel and hospitality industries, the top 3 preferred technologies for companies to enhance customer experience and engagement are Artificial intelligence, Intelligent Automation, and Internet of Things (IOT)/Edge computing. approximately 26% of the CXOs are keen on investing in AI to drive loyalty management initiatives.

*AI-based personalization is driving loyalty:* A leading retail chain analyses the customer data and creates user profiles based on gender, age, location, shopping preferences of the customer, and produces the most engaging messages and personalized offers. It also anticipates future behavior to increase overall customer satisfaction and loyalty.

*Intelligent Automation coupled with Analytics to create customized rewards:* A US insurtech start-up set a world record for the fastest time to pay a claim, i.e., 3 seconds, and the firm is solving the customer satisfaction problem by providing transparent pricing, communication through preferred channels, and dynamic product offers with the help of Intelligent Automation and Analytics.

*IOT-based customer engagement is increasing customer loyalty:* A leading beauty brand has an application that scans a customer's face and offers the most suited products and items based on the colour of the eyes, hair, and complexion. Thus, creating higher business value that enhances their virtual relationships with customers.

*AR/VR is enhancing customer experience:* A leading hotel chain is leveraging virtual reality so its clients can “experience” hotel accommodations, activities, museums, and other attractions from the comfort of their own homes, before making reservations. This helps provide a better travel experience to the customers and increased loyalty to travel retailers.

**Technology Solution and Service Providers emerge as the most trusted partners for Large and Mid-market enterprises**



Below is the methodology that has been followed to calculate the percentages depicted in the graph. Responses obtained from the survey are classified based on large and mid-market enterprises and analysis is performed. For a few criteria, multiple parameters are chosen and ranked in the order of 1 to 5, where are as for others only one parameter is chosen.	
Step 1	<b>Parameters with Rank:</b> Number of responses obtained for each rank for every parameter of a criteria are counted. Top 3 ranks are considered for each criteria i.e., Rank 1, Rank 2, Rank 3. <b>Parameters without Rank:</b> Number of responses obtained for each parameter of a criteria are counted
Step 2	<b>Parameters with Rank:</b> The ranks are assigned following weightages: Rank 1 -3; Rank 2 -2, Rank 3 -1.
Step 3	<b>Parameters with Rank:</b> Final Value for each parameter is calculated as below: $(\text{Count of Rank 1}) \times (\text{Weightage of Rank 1}) + (\text{Count of Rank 2}) \times (\text{Weightage of Rank 2}) + (\text{Count of Rank 3}) \times (\text{Weightage of Rank 3})$ <b>Parameters without Rank:</b> Final Value for each parameter is calculated as below: $(\text{Count of responses for the parameter})$
Step 4	Final values of all the parameters are summed and percentage of each final value out of the total sum is calculated.
Step 5	Parameters are rated high, medium and low based on the percentages obtained in the above step and depicted in the above graph

*Note : All the decimal values are rounded off.*  
*Source: Zinnov Analysis*

According to a survey of 50 CXOs from across Retail, QSR, Consumer Fuel, and Travel and Hospitality industries, trends for large and mid-market enterprises across various attributes such as trusted partners, vendors, solution type, loyalty drivers, Customer Data Platform (CDP) adoption, and security and compliance have been identified. Further, the geographic cut for the enterprises across these attributes has been assessed.

*Trusted Partners:* Enterprises across the regions have chosen technology solution / software vendors / third-party off-the-shelf solution providers as well as technology Service Providers / custom-built solution developers as their most trusted partners to enable loyalty management solutions.

*Vendors:* Technology giants are the existing solution vendors for third-party loyalty management programs for large and mid-market enterprises across geographies.

*Solution type:* Majority of the large and mid-market enterprises prefer best-in-suite solution from existing vendors over best of breed/agency driven solution for loyalty management programs.

*Loyalty drivers:* Increasing customer lifetime value is the key driver for large and mid-market enterprises to invest in loyalty management programs.

*CDP adoption:* Majority of the large enterprises are exploring CDP use cases, whereas mid-market enterprises are currently using CDP to derive personalized recommendations and improve loyalty management outcomes.

*Security and Compliance:* Enterprises in North America and APAC prefer PCI (Payment Card Industry Data Security Standard) compliance whereas companies in EMEA are more focused on data localization as a desired security and privacy attribute.

### ***Methodology and approach for Total Addressable Market (TAM) and Serviceable Addressable Market (SAM) estimation in NA, APAC, and EMEA***

The estimated TAM and SAM for loyalty management is arrived at through a detailed methodology and approach mentioned below.

#### ***Market size for target industries in NA, APAC, and EMEA***

Assessment of market size of industry verticals from 2021 to 2024.

- Retail – food and beverages, home furniture, e-commerce, grocery, consumer electronics, fashion and apparel, pharmacy and wellness, luxury and jewellery, convenience stores, auto sales, and consumer goods.
- Quick Service Restaurants (QSR).
- Travel and Hospitality – travel and tourism and hospitality.
- Consumer Fuel – retail fuel and home fuel.

#### ***Current Penetration***

Leveraged the survey results for NA/APAC/EMEA regions to estimate the penetration rate for these regions (For NA, used Digital Adoption Index from World Bank to estimate the penetration rate for Canada and Mexico relatively).

#### ***Spend on Loyalty Management***

Leveraged the survey results for NA/APAC/EMEA regions to estimate the proportion of revenue being spent on loyalty management solutions.

#### ***TAM Estimation***



TAM = Summation of TAM for different industry verticals, calculated as (Market Size of the industry X Current Penetration \* % of Revenue spent on Loyalty Management)

North America TAM = US TAM + Canada TAM + Mexico TAM

APAC TAM = Asia TAM + Australia TAM

EMEA TAM = Europe TAM + Middle East TAM + Africa TAM

### *SAM Estimation*

Eliminate addressable market basis:

### North America

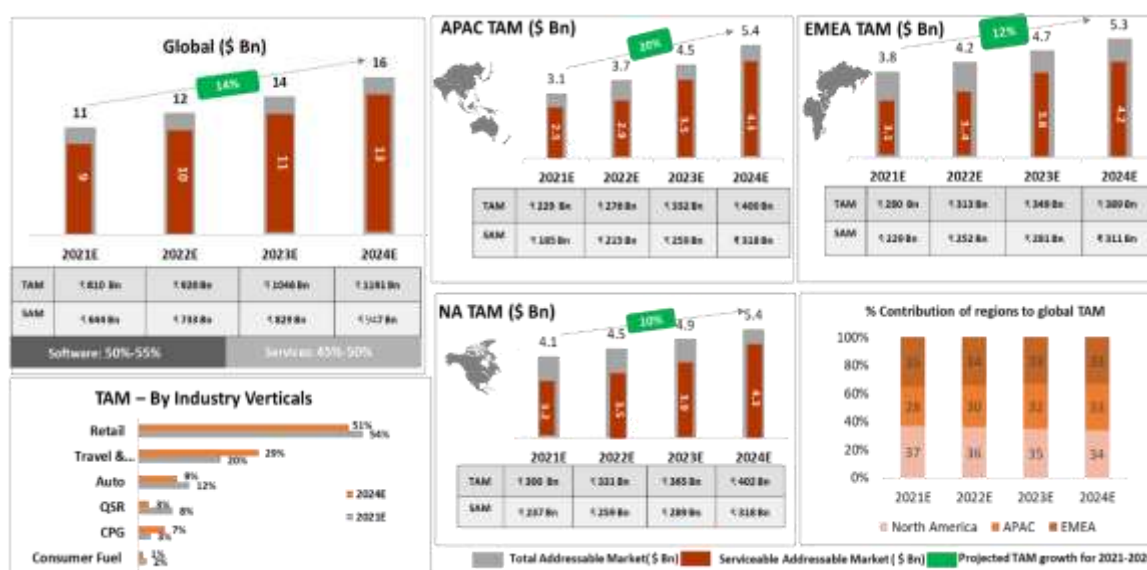
- Geography – TAM for Canada and Mexico as it is not a focus area for Capillary Technologies to arrive at the Serviceable Addressable Market number.
- Customer Segment – Exclude TAM for Small and Medium Businesses (SMBs)<sup>1</sup>, as Capillary Technologies' focus is on businesses having revenue of more than US\$500 million (₹37 billion) in North America.

*1 – SMBs refer to the businesses that have fewer than 100 employees or earn less than US\$100 Million; \*For calculating NA SAM- TAM for Canada and Mexico excluded as it is not a focus area for Capillary Technologies to arrive at the Serviceable Addressable Market number*

### APAC and EMEA

- Geography – TAM for APAC (Asia and Australia regions are considered for calculating SAM) and EMEA (Europe, Middle East, and Africa regions are considered for calculating SAM).
- Customer Segment – Exclude TAM for Small Businesses, as Capillary Technologies' focus is on businesses for mid and large enterprises in APAC and EMEA.

***APAC region projecting 20% growth rate would be holding the world's largest share of TAM in next 4 to 5 years***



Note:

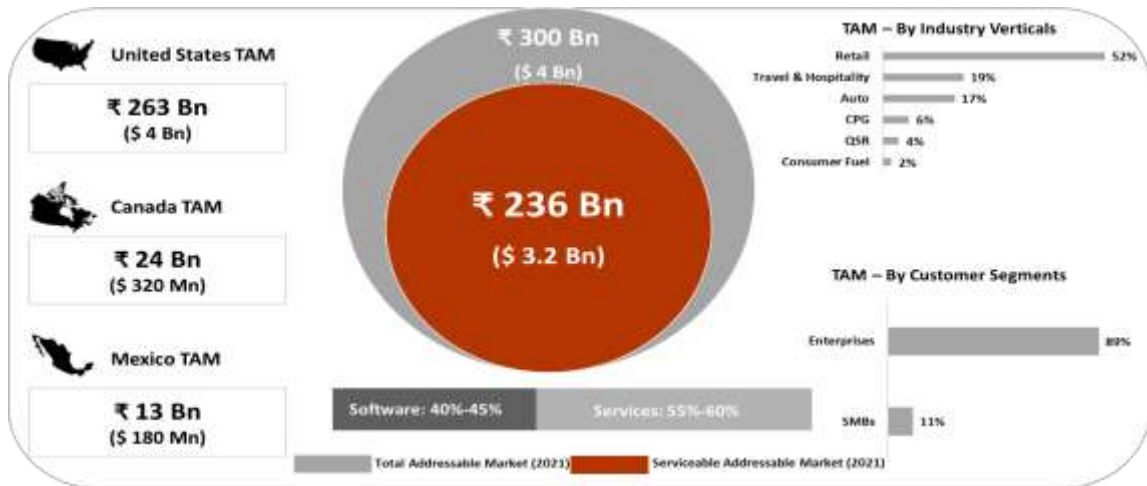
US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source: Zinnov Analysis

The Total Addressable Market size for loyalty management is estimated to be ₹ 810 billion (US\$11 billion) in 2021 and is expected to reach ₹ 1,191 billion (US\$16 billion) by 2024, projecting a growth rate of 14%. All the regions across the globe are registering a growth rate of more than 10% from 2021 to 2024, with APAC projecting a significant growth rate of 20% from 2021 to 2024.

***Capillary Technologies has an addressable opportunity of more than US\$4 billion in North America***



Note:

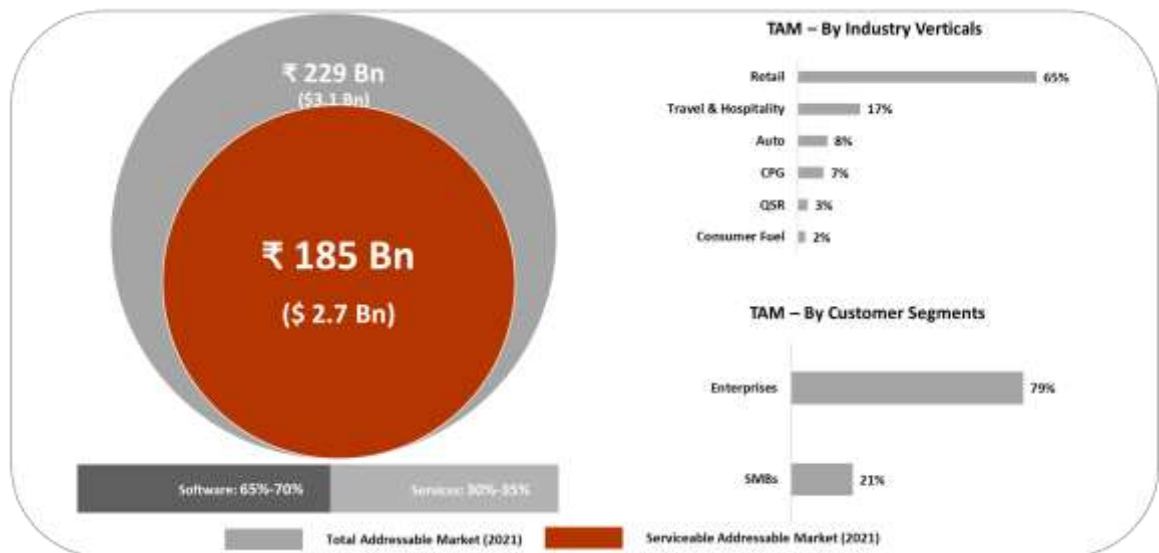
US\$ 1 = ₹ 74\*; E-Estimates

All the decimal values are rounded off.

Source: Zinnov Analysis

The Total Addressable market size for loyalty management in North America is estimated to be ₹ 300 billion (US\$4 billion) in 2021 and is expected to reach ₹ 400 billion (US\$5 billion) by 2024 projecting growth rate of 10%. North America is expected to account for the largest share of the market in 2021. North America is home to developed economies such as the US and Canada, which are known for aggressive adoption of the latest and advanced technologies, such as AI, Cloud computing, and Data Analytics. In recent years, specifically in the United States, customers have been switching from loyalty agencies to loyalty platforms companies. A strong and well-developed IT infrastructure deployed in the region also bodes well for the aggressive adoption of advanced loyalty management solutions.

***Capillary Technologies has an addressable opportunity of more than US\$3 billion in APAC region***



*Note:*

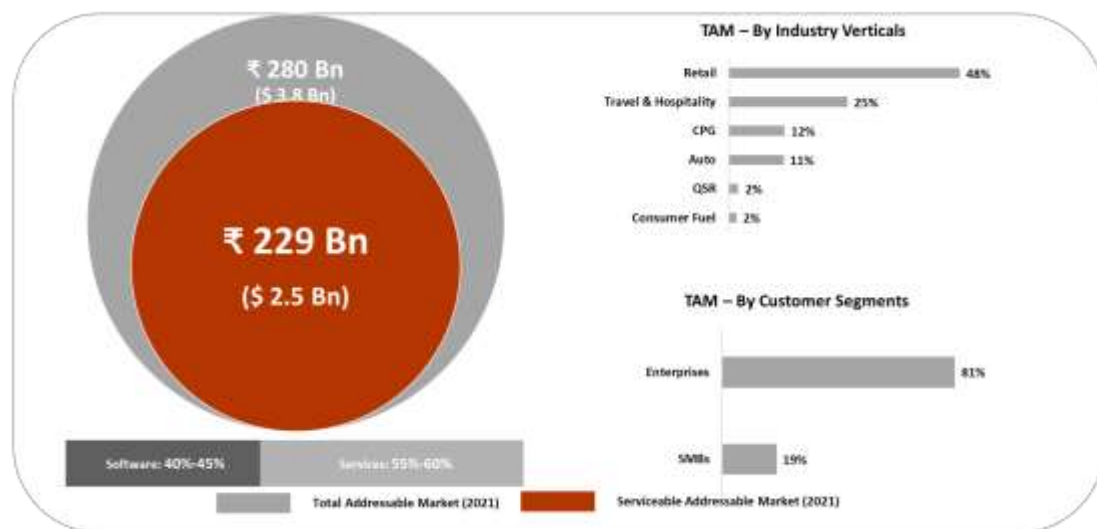
*US\$ 1 = ₹ 74\*; E-Estimates*

*All the decimal values are rounded off.*

*Source: Zinnov Analysis*

The Total Addressable market size for loyalty management in APAC is estimated to be ₹ 229 billion (US\$3 billion) in 2021 and is expected to reach ₹ 400 billion (US\$5 billion) by 2024, projecting a significant growth rate of 20% during 2021 to 2024. The growing social media usage, increasing Internet penetration, and the expanding e-commerce industry are some of the major factors driving the adoption of loyalty programs in Southeast Asia. The Retail and Travel and Hospitality segments are expected to dominate the market in 2021. Retailers in the region are extensively adopting loyalty management software and embarking on various efforts to improve brand loyalty and encouraging repeat purchases. Capillary Technologies intend to leverage on the significant opportunity in the region as mid-market brands face challenges building and scaling their own businesses.

**Capillary Technologies has an addressable opportunity of more than US\$3 billion in EMEA region**



*Note:*

*US\$ 1 = ₹ 74\*; E-Estimates*

*All the decimal values are rounded off.*

*Source: Zinnov Analysis*

The Total Addressable market size for loyalty management in EMEA is estimated to be ₹ 280 billion (US\$4 billion) in 2021 and is expected to reach ₹ 389 billion (US\$5 billion) by 2024, projecting a growth rate of 12%. Changing end-user demographics, growing expenditure on loyalty programs, rapid growth in the applications of AI and Analytics, and appreciation for online reward management solutions are adding to the loyalty market growth.

## Global SaaS Market

The Total Addressable Market for loyalty is growing, and the Software Market landscape is also pivoting towards platformization and productization. This industry shift is a key reason for Enterprises and ISVs to move from license-based models to SaaS-based platforms and products.

There are several factors driving this shift towards SaaS-based platforms – scalability and integration being the foremost factor. Some SaaS applications support end-user customization: APIs allow connections to internal applications such as CRMs or ERPs as well as to other SaaS vendors. Apart from this, a simpler upgrade process, pay-per-use, better time-to-market, and work from anywhere across devices in a connected network are some of the other drivers for enterprises to adopt SaaS-based platforms and products.

This shift towards Cloud-based technology is impacting and will continue to impact every industry. Owing to this shift, Loyalty Management providers are pivoting towards SaaS platformization.

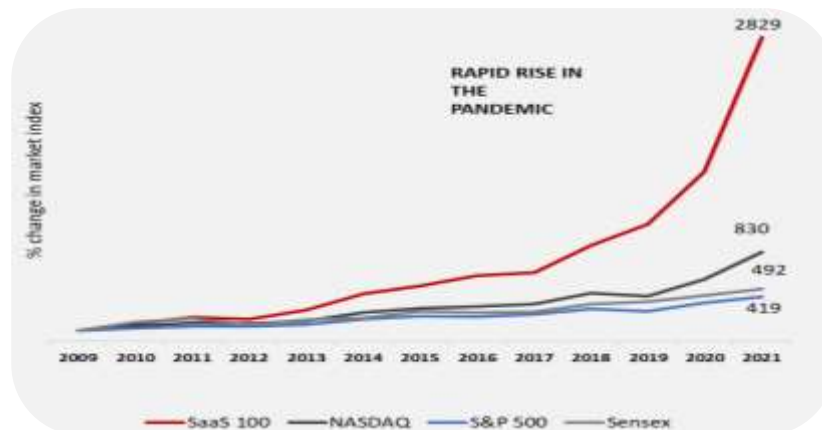
Currently, the global Loyalty market is growing at a decent pace, and the adoption of SaaS is booming across industries.

### Effects of COVID-19 on Global SaaS

COVID-19 has had a positive impact on SaaS adoption across the world. This is underscored by the fact that global SaaS companies witnessed a massive growth during the pandemic.

To get a clear picture of the SaaS industry shift during the pandemic, the percentage shift in different market indexes namely SaaS 100, NASDAQ, S&P 100, and Sensex have been mapped.

SaaS 100 constitutes the top 100 global public SaaS companies by market cap; SaaS 100 market index has shown exponential growth during pandemic.



Source: NASSCOM, Zinnov Analysis

The growth rate is enormous for SaaS 100 compared to any other market index, and from an overall SaaS adoption standpoint, indicates the exponential rise in demand for SaaS. The business of top SaaS companies around the world is booming, and the overall SaaS market is expanding, paving way for the overall loyalty market expansion in the near future.

### The SaaS market witnessed massive growth in terms of median revenue and enterprise value-to-revenue

The enterprise value-to-revenue multiple (EV/R) is a measure of the value of a stock that compares a company's enterprise value to its revenue. Enterprise-Value-to-Revenue for the global SaaS market has become three times in the last 5 years' time from 2016 to 2021, whilst the Median Revenue was doubled. One of the driving factors is VC-backed IPOs that are predominant in the SaaS world, leading to higher valuations.



Note:

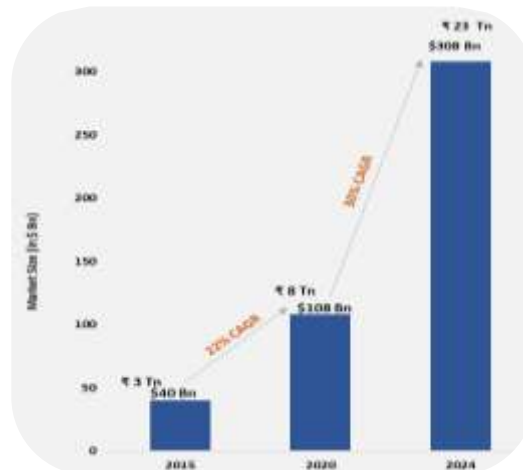
US\$ 1 = ₹74\*

All the decimal values are rounded off

Source(s): NASSCOM, Zinnov Analysis

### ***Growth in the SaaS market***

The global SaaS revenue grew 22% from ₹ 3 trillion (US\$ 40 billion) in 2015 to ₹ 8 trillion (US\$ 108 billion) in 2020, and it is expected to gain 30% more market size in the next 4 years (2020 to 2024). The global SaaS market is forecasted to expand at a rapid pace, and it will reach an estimated value of ₹ 23 trillion (US\$ 308 billion) by 2024.



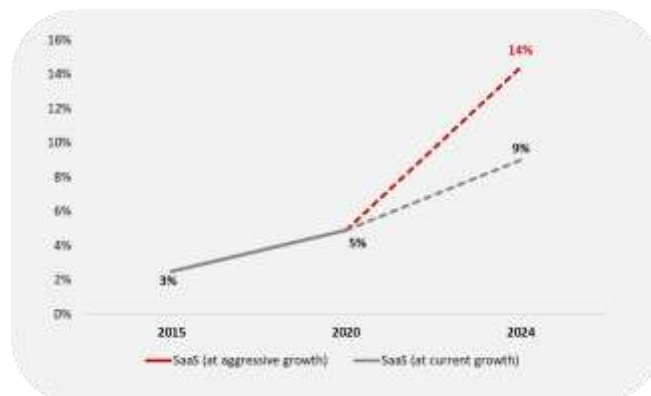
Note:

US\$ 1=₹74\*

All the decimal values are rounded off

Source(s): NASSCOM, Zinnov Analysis

***India has the potential to fulfil approximately 14% of the global demand by 2024***



Note:

US\$ 1=₹74\*

All the decimal values are rounded off

Source(s): NASSCOM, Zinnov Analysis

Below are some of the key driving factors that are propelling the growth of Indian SaaS companies:

**Product Leadership:** Creating world-class products that are globally competitive and building new product segments, augmented by the presence of nearly half a million product managers.

**Revenue Globalism:** Inherently global and setting up global sales organizations to acquire global customers, further accelerated by remote sales.

**Talent Advantage:** India has an extra advantage because of the presence of new-age talent skilled with digital tech, and that too in large numbers and at affordable cost.

**Financial Infusion:** There is rising interest of global VCs in Indian SaaS, with investments surging 10 times in the last 10 years.

**Entrepreneurship Surge:** The ‘pay it forward’ culture of the Indian entrepreneurs has led them to create multiple start-ups and successfully replicate the model.

**Ecosystem Enablers:** Conducive ecosystem of global tech centers of software giants, customers comprising of SMBs and enterprises, incubators and venture catalysts, and support from educational institutions form the perfect enablers for SaaS growth.

**Customer Service:** Ability to provide round-the-clock customer support and the inside sales advantage have led to faster customer acquisition and enhanced customer experience.

### **Explosive growth in the number of SaaS companies and revenues**

In 2015, there were approximately 500+ SaaS companies in India, and the number doubled in the last 5 years to cross 1000+ companies in 2020. Large and mid-sized SaaS companies’ revenues are on the rise, and increased 5 times during 2015 to 2020 period, from ₹ 74 billion (US\$1 billion) to ₹ 392 billion (US\$5 billion).

- The number of companies with ARR more than ₹ 7 trillion (US\$100 billion) were 1 to 2 in 2015, which rose to more than 5 in 2020. Zoho, Druva, Freshworks are some of the examples in this category.
- Mid-sized SaaS companies with ARR range ₹ 740 billion (US\$10 billion) to ₹ 3700 billion (US\$50 billion), grew 5 times during 2015 to 2020. Cropin, Pyxis are some of the examples in this category.
- For small-sized SaaS companies (< ₹ 74 million (US\$ 1million) revenue), the number almost doubled from 450+ to 800+ in the same 5-year time period. Locale, Netbook are some of the examples in this category.

The figure below covers all revenue brackets and a comparison of number of companies in 2015 and 2020.



Note:

US\$ 1=₹74\*

All the decimal values are rounded off

Source(s): NASSCOM, Zinnov Analysis

India holds a great potential for SaaS growth in the near future, with the rapid growth in the number of SaaS companies that have high recurring revenue brackets.



## Comparative benchmarking of Capillary Technologies in the loyalty management space

Metric	Capillary	Zeta Global	Sprinklr	Veeva	Shopify	Twilio	RingCentral	Paylocity	Coupa Software	Wix	Vtex	nCino	Fastly	Global Benchmark
Year Ending	Mar-2021	Dec-2020	Jan-2021	Jan-2021	Dec-2020	Dec-2020	Dec-2020	Jun-2021	Jan-2021	Dec-2020	Dec-2020	Jan-2021	Dec-2020	-
Headquarters	Singapore	United States	United States	United States	United States	United States	United States	United States	United States	Israel	United Kingdom	United States	United States	-
Year of Inception	2012	2007	2009	2007	2006	2008	1999	1997	2006	2006	2000	2012	2011	-
Revenue Growth (past 3 years)	-3%	6%	12%	29%	40%	64%	33%	20%	43%	32%	-	52%	40%	20-25%
S&M as a % of revenue	22%	21%	49%	16%	21%	32%	49%	25%	44%	44%	24%	29%	35%	30-35%
R&D as a % of revenue	16%	9%	10%	20%	7%	30%	16%	12%	25%	32%	19%	29%	26%	20-25%
Gross margins (%)	61% <sup>a</sup>	60%	69%	72%	53%	56%	73%	65%	59%	68%	65%	57%	59%	60-70%
Churn Rate <sup>b</sup>	11% <sup>a</sup>	8% <sup>a</sup>	9% <sup>a</sup>	8%	4%	5%	3% <sup>a</sup>	7% <sup>a</sup>	6%	14% <sup>a</sup>	14% <sup>a</sup>	5% <sup>a</sup>	4%	5-7%

Legend: \* Calculated Values

Legend: Deviation from Global standards Lower Similar Higher

Note:

Higher color-coded values denote the deviation of a value from the global standard benchmark.

<sup>a</sup> Gross Margin considered for Capillary is blended, which refers to gross margins made by the business from subscriptions and campaign revenues which are both repeating/ recurring in nature. It does not include the setup/ one-time revenues or costs incurred for setups/ one-time revenues.

<sup>b</sup> Churn rate considered is revenue churn rate, for the rest it is customer churn rate

For Capillary, churn refers to the customers who were not Capillary's customers in a particular fiscal/period but from whom Capillary earned revenue from contracts with customers in the prior fiscal/period. Churn percentage is calculated as revenue earned by such customers in the previous fiscal/period divided by prior year revenue from contracts with customers from all active customers of last fiscal /period.

US\$ 1=₹74\*

All the decimal values are rounded off

Source: Zinnov Analysis

Following is the analysis of the above parameters:

- Shopify, Twilio, RingCentral, Coupa Software, Wix, nCino and Fastly have shown high average revenue growth rate for the past 3 years than the global standards
- Sprinklr, RingCentral, Coupa Software, and Wix are spending more on their sales and marketing efforts than global standards.
- Wix, Twilio, nCino and Fastly are spending more than 25% of their revenue on their R&D efforts to build better products and platforms.
- Capillary, Zeta Global, Sprinklr, Veeva, Paylocity, Wix, Vtex and RingCentral have gross margins either similar or greater than the global standards
- Shopify, Twilio, RingCentral, Coupa Software nCino and Fastly have churn rates either lower or similar to the global standards in their respective financial years, showing a positive retention of customers/subscriptions.

## Competitive Landscape and Capillary's Positioning

### Capillary Technologies competes with different personas among different regions

Capillary Technologies' potential competitors include mid-market ISVs such as TADA, COMO, and technology giants such as Oracle, SAP, etc. Mentioned below is the list of key competitors of Capillary Technologies in loyalty

management.



Capillary's positioning against its competitors has been outlined by benchmarking it with 2 broad set of attributes, i.e., scale of operations and loyalty management capabilities. Various parameters of these 2 attributes have been evaluated based on a comprehensive methodology and approach as mentioned below.

***Zinnov's assessment framework for scale of operations and loyalty management capabilities***

Scale of Operations			
Assessment Parameters	Weightages	Description	Rating
Loyalty Management year of Inception	25%	Number of years since loyalty management inception	5 Rating: Before 2010, 3 Rating: 2010-15 and 1 Rating: After 2015
Revenue per Employee	20%	Ratio of revenue of the organization to the total number of employees	5 Rating: > \$500K, 3 Rating: \$ 25K-500K and 1 Rating: <= \$ 25K
Loyalty Headcount	18%	Ratio of total loyalty headcount of the organization to the total headcount of the organization	5 Rating: Above 20%, 3 Rating: 10-20%, and 1 Rating: 0-10%
Marquee Customers	14%	Number of Fortune 500 companies in the client base from loyalty management perspective	5 Rating: 4 and above, 3 Rating: 2-4, and 1 Rating: 0-2
Multi-vertical Focus	12%	Number of verticals in which companies are offering loyalty solutions like Retail, Consumer Fuel, etc.	5 Rating: 3 and above verticals, 3 Rating: 2-3 verticals, and 1 Rating: 1-2 verticals
Geographies Served	11%	Number of key countries in which companies are offering loyalty management solutions	5 Rating: >5, 3 Rating: 2-5, and 1 Rating: 0-2

Loyalty Management Capabilities			
Assessment Parameters	Weightages	Description	Rating
Functionality	19%	Classification of	5 Rating: Hybrid loyalty, 3



Loyalty Management Capabilities			
Assessment Parameters	Weightages	Description	Rating
		companies based on loyalty management capabilities into: Hybrid loyalty solutions: Companies that offer both loyalty platform and loyalty services Loyalty platform provider: Companies that offer loyalty technology platforms Loyalty service provider: Companies that offer loyalty-specific consulting and research services	Rating: Loyalty platform provider and 1 Rating: Loyalty Service provider
Omnichannel Support	16%	Presence of Omnichannel support across various touchpoints like social media, mobile app, online, offline integrations	5 Rating: 4 and above touchpoints, 3 Rating: 2-3 touchpoints, 1 Rating: 0-2 touchpoints
CDP Offering	15%	Availability of customer data platform (CDP) to support loyalty programs	5 Rating: Presence of CDP, 1 Rating: No presence of CDP
Non-transactional engagement	13%	Presence of features such as Gamification, Event-based loyalty programs etc.	5 Rating: >=3 offerings, 3 Rating: 2 offerings (any 2), and 1 Rating: 1 offering (any 1)
Analyst Mentions	10%	Recognition by leading research and advisory firms.	5 Rating: Recognized by 2 and more firms, 3 Rating: Recognized by 1-2, and 1 Rating: Recognized by no firms
Digital Technologies	10%	Adoption of various digital technologies such as AI/ML, Intelligent Automation, etc.	5 Rating: >3 tech focus areas, 3 Rating: 2-3 tech focus areas, 1: Rating: 1 tech focus area
Supported Integrations and Partnerships	9%	Number of partnerships and integrations with POS, ERP, etc., to enhance loyalty capabilities	5 Rating: 100 and above, 3 Rating: 50-100, and 1 Rating: 0-50 partnerships
Investments / Acquisitions	8%	Scale of investment and acquisitions done by companies in the Loyalty Management space	5 Rating: >\$50 million, 3 Rating: \$1-50 million, and 1 Rating: No investment/acquisition

*Note: The above weightages are determined based on Zinnov's AHP model*

## Competitive Analysis | Scale of Operations

Scale of operations is determined based on parameters such as loyalty management year of inception, revenue per employee, multi vertical offering, marquee customers, geographies focus, and loyalty headcount. They are assessed based on the rating mechanism mentioned in the above framework.



Note: All the attributes for technology giants are assessed from a loyalty management standpoint.

Source: Zinnov Analysis

## Competitive Analysis | Loyalty Management Capabilities

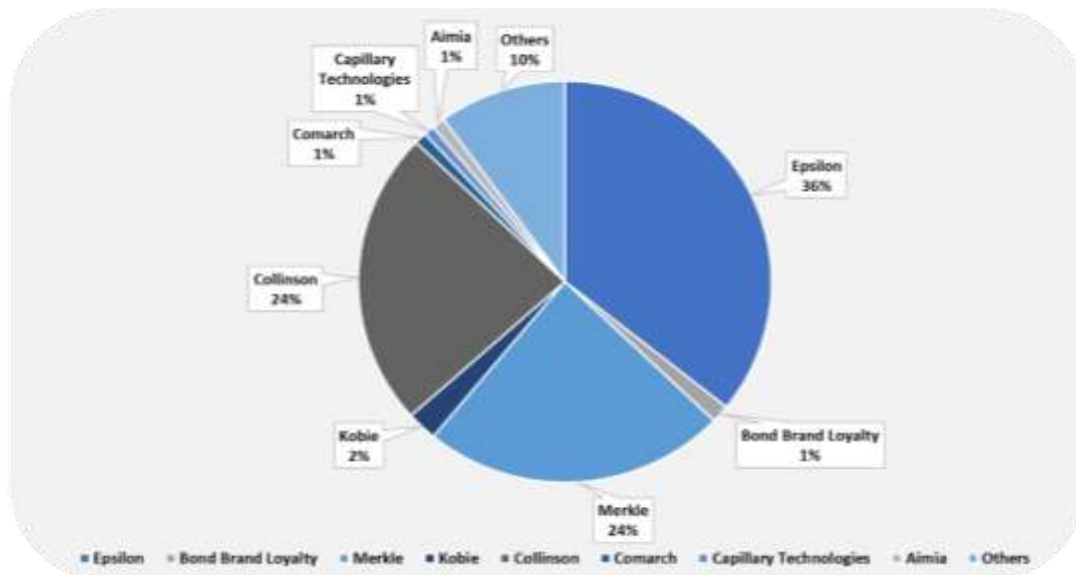
Loyalty management capabilities is determined based on parameters such as functionalities, CDP offering, analyst mentions, omnichannel support, adoption of digital technologies, supported integrations and partnerships, investments/acquisitions, and non-transactional engagements. They are assessed based on the rating mechanism mentioned in the above framework.



*Note: All the attributes for technology giants are assessed from a loyalty management standpoint.  
Source: Zinnov Analysis*

### ***Global snapshot of Market Share by various companies in Loyalty Management***

Epsilon, Collinson, and Merkle are currently dominating the global Loyalty Management market, with a share of 36%, 24%, and 24% respectively. Capillary currently holds 1% of the global share and shows high growth potential across geographies such as APAC as well as North America, with the recent acquisition of Persuade.

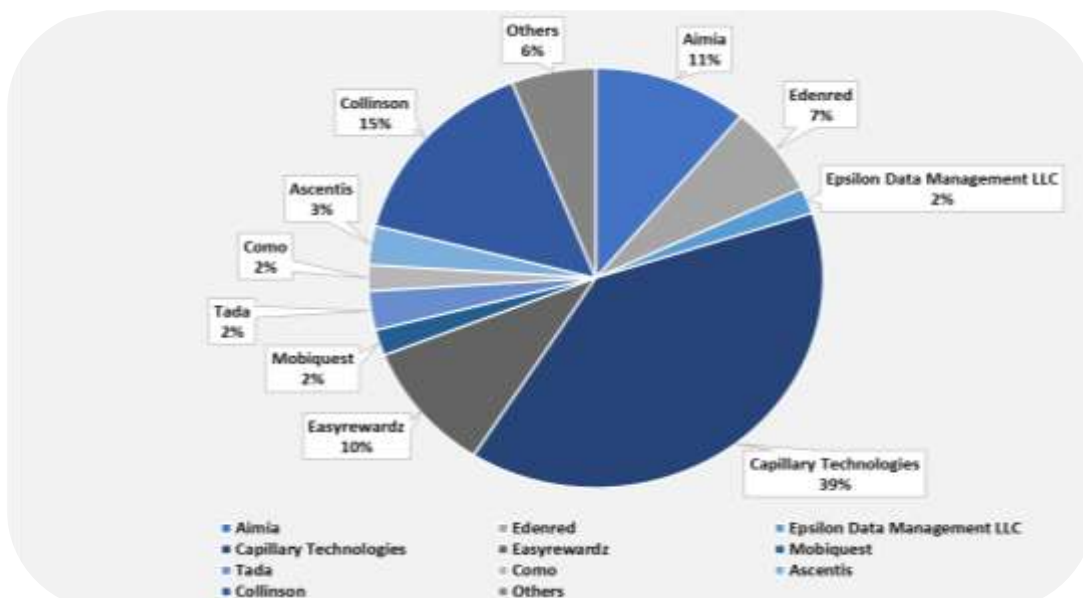


*Source: Zinnov Analysis*

Loyalty Management Market share is completely based on geos where Capillary Technologies operates; includes customer loyalty only; customer segments that it serves; does not include employee loyalty.

### ***Capillary Technologies emerges as the Top Loyalty Player in APAC\****

Capillary Technologies emerged as the market leader in APAC\*, with a market share of 39% in 2020. Capillary is growing aggressively across the APAC\* region by providing best-in-class loyalty suite to customers.

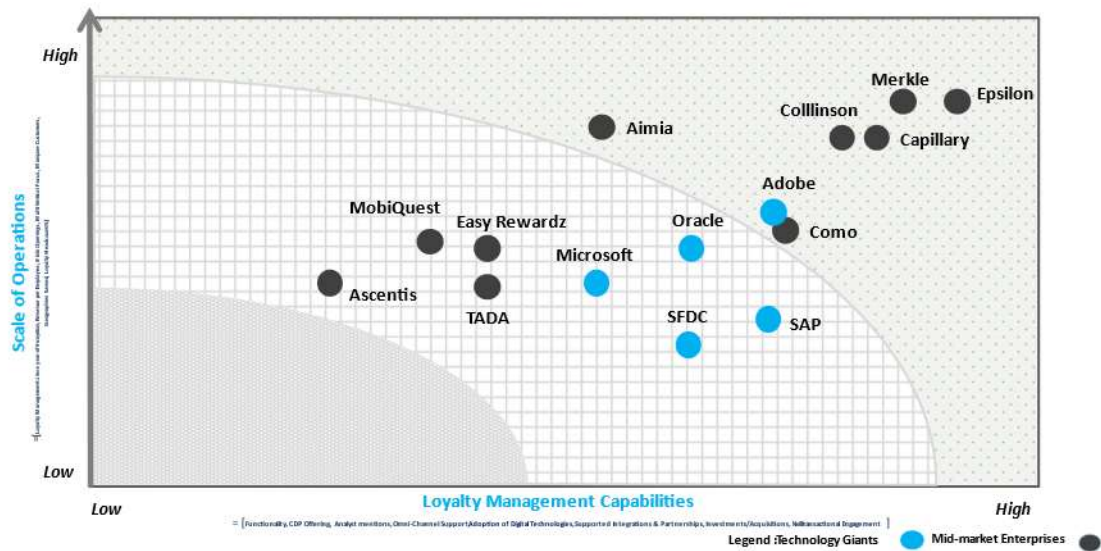


Note: APAC\* comprises of India, China, Singapore, Malaysia, and Indonesia  
Source: Zinnov Analysis

Loyalty Management Market share is completely based on geos where Capillary Technologies operates; includes customer loyalty only; customer segments that it serves; does not include employee loyalty.

### ***Capillary Technologies emerges as a key player in the loyalty management space***

The outcomes of scale of operations and loyalty management capabilities have been plotted on a 2x2 graph. From the graph, it's clear that Capillary Technologies emerges as a key player in the loyalty management space.



Source: Zinnov Analysis

## OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “**Forward-Looking Statements**” on page 19 for a discussion of the risks and uncertainties related to those statements and also “**Risk Factors**”, “**Restated Summary Statements**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 27, 248 and 649, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2019, 2020 and 2021 and the three months’ period ended June 30, 2021, included herein is derived from the Restated Summary Statements included in this Draft Red Herring Prospectus. Further, reference to “**India Operations**” refers to the business of our Company in the relevant periods. Certain information included herein is based on our Proforma Financial Information, the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information and Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information. For further information, see “**Certain Conventions, Use of Financial Information, Industry and Market Data and Currency of Presentation – Financial Data**” on page 13.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “**Customer Engagement Software Market Overview – Market Analysis, Compete Benchmarking**” dated December 23, 2021 (the “**Zinnov Report**”), exclusively prepared and issued by Zinnov who were appointed pursuant to a statement of work dated August 25, 2021, and exclusively commissioned by and paid for by our Company in connection with the Offer. A copy of the Zinnov Report shall be available on the website of our Company at [www.capillarytech.com/investors/](http://www.capillarytech.com/investors/) from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the Zinnov Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see “**Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid for by our Company for such purpose.**” on page 56. Also see, “**Certain Conventions, Use of Financial Information, Industry and Market Data and Currency of Presentation – Industry and Market Data**” on page 16.

## WHO WE ARE

We are a technology-first company and offer artificial intelligence (“**AI**”)-based cloud-native Software-as-a-Solution (“**SaaS**”) products and solutions such as automated loyalty management and customer data platforms (“**CDP**”) that enable our large enterprise customers (i.e., customers that typically contribute more than ₹ 3.50 million a year in terms of revenues) to develop loyalty of their consumers and channel partners. Our diversified product suite and technology platform allows our customers to run end-to-end loyalty programs, get a comprehensive view of consumers and offer unified, cross-channel strategies that deliver a real-time omni-channel, personalized, and consistent experience for consumers. We are the market leader in Asia-Pacific region with a 39% market share in terms of loyalty management capabilities in 2020 based on the geographies in which we operate (includes customer loyalty only and customer segments that we serve but does not include employee loyalty) (Source: Zinnov Report). We have recently expanded our operations in the United States with our acquisition of Persuade Group in September 2021. We focus on developing intellectual property and currently hold eight patents and 38 trademarks.

## OUR VALUE PROPOSITION

### Understanding Customer Loyalty

Customer loyalty is a conscious and subconscious preference and the perception a consumer possesses towards a brand or an enterprise’s products or services. Key characteristics of a loyal consumer include the following (Source: Zinnov Report):


- Not easily influenced by availability or pricing;
- Not actively searching for different suppliers;
  - 83% of customers believe joining a loyalty program will motivate them to make repeat

purchases.

- Willing to refer a brand to their family and friends;
  - Over 70% of consumers are more likely to recommend a brand if it has a good loyalty program.
- Open to other goods or services provided by a particular business;
- More understanding when issues occur and trust a business to fix them;
- Willing to offer feedback on how a brand can improve its products or services; and
- Inclined to continue purchasing from the brand whenever the need arises.

## Challenges and our Solutions

In a hyper-competitive world, brands and enterprises find it increasingly difficult to build and maintain loyalty of consumers. (Source: Zinnov Report) Built using a modern technology stack and powered by AI and machine learning (“ML”), our platform enables customers to use their existing infrastructure to identify and understand each consumer, and engage with them across channels. Our patented SaaS solution is a card-less and mobile-first loyalty program that closes the loop on customer acquisition, engagement and retention. 76% of shoppers use mobile phones to shop, which is encouraging companies to launch mobile apps to drive loyalty initiatives. (Source: Zinnov Report)

	The Challenge	Our Solution
 <b>Data Collection</b>	Difficulty in collecting consumer data across channels, especially offline customers	Our platform collects consumer data from various channels, including in-store, online, mobile applications, social media platforms. Cumulatively and as of October 31, 2021, we have collected data of over 875 million consumers (based on unique mobile numbers) across our customers from a variety of industries.
 <b>Data Consolidation</b>	Fragmentation of consumer data – Across different databases and in silos	We offer a consolidated single view of consumer data, including demographics, transaction history, interaction data, net promoter score or the willingness of consumers to recommend a company's products or services to others and feedback on a unified platform.
 <b>Data Analytics</b>	Inability to mine data and generate customer insights	Our platform gathers real-time insights on consumer behavior, preferences and trends based on data analytics. 58% of enterprises are seeing significant increase in customer retention and loyalty by leveraging customer analytics (Source: Zinnov Report)
 <b>Automated &amp; Personalized Engagement</b>	Poor understanding of the main drivers of longer term consumer loyalty (as compared to short term sales growth from constant discount campaigns) to holistically ‘farm’ existing customers fully	Our products use proprietary AI and ML-based models to segment consumers and personalize engagement. Our customers are able to tailor offers and promotions in real-time to a specific consumer profile and communicate with them across their preferred channels (including email, SMS, social media, mobile apps, web push notifications and messaging apps) to make purchases with the consumer compelling, thereby raising the likelihood of consumer acquisition and retention.  Our customers are also able to run a variety of omni-channel loyalty programs (including points-based programs, milestone-based programs, gamification and badges, subscription-based programs and coalition-based programs), and manage their loyalty programs with ease, to provide consumers a more cohesive experience.
 <b>Efficacy Assessment</b>	Obscurity in assessing efficacy and return on investment (“RoI”) of loyalty programs	We offer a proprietary framework, ‘Loyalty Value Delivery’ for evaluating efficacy and RoI of loyalty programs and (since commencing operations) We have executed this framework across more than 200 customers and benchmarked the loyalty program performance for each one of them with our index.

Our SaaS products focus on integration with our customers’ existing technology stack and resource planning to unlock growth potential. The scalability, architecture and security of our technology platforms allows for easy integration with other existing platforms such as security systems, identity verification, access management and data analytics, thereby providing a differentiated value proposition for our customers. We also have numerous application programming interface (“API”) integrations into other third party data, marketing, and analytics platforms to provide extensibility of features for our customers.



## At a Glance



(Based on Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information; As of October 31, 2021)

## OUR CORE BELIEFS

### We understand loyalty

Loyal consumers add significant value to any business as opposed to acquiring new consumers and running a long-term loyalty program has a far deeper and sustainable outcome compared to running short campaigns. We believe data and technology can disrupt and reimagine how organizations conceptualize long-term loyalty.

### Customer is at the center of innovation

Disruption and value creation occur through deep insights on customer requirements and problems. We thrive on making customer-focused choices through validation, continuous feedback, and co-creation with customers that result in better solutions.

### Life beyond numbers: building a conscious workplace

Our aspiration has extended beyond financial outcomes to forge a workplace environment that empowers our employees to reach their potential. The success of an organization in the long-term depends on its ability to allow employees to grow with the organization. We seek to build an atmosphere that nurtures the overall growth of our employees. Since inception, we have endeavored to operate as a community of people who mutually support each other for long-term growth

## Our Organization Values

Make Customers Successful	Be Audacious	Be Accountable	Deliver Excellence	One Capillary
<ul style="list-style-type: none"> <li>Listen actively and understand what success means to a customer</li> <li>Be a trusted advisor – Do the right thing for business success even if it means saying “no” and holding the customer accountable</li> <li>Prioritize customer experience to guide key decisions</li> </ul>	<ul style="list-style-type: none"> <li>Operate with a growth mindset</li> <li>Challenge the status quo, experiment regularly and pull the plug when needed</li> <li>Act thoughtfully, over-communicate and avoid surprises</li> </ul>	<ul style="list-style-type: none"> <li>Think before committing, show ownership for outcomes and don’t externalize</li> <li>Be transparent about and accept successes and shortcomings</li> <li>Trust people and be respectful while holding others accountable</li> <li>Be paranoid about upholding integrity</li> </ul>	<ul style="list-style-type: none"> <li>Display excellence in thought and process execution</li> <li>Strive to bring your best selves to work</li> <li>Set an exceptionally high bar for delivering on promises</li> </ul>	<ul style="list-style-type: none"> <li>Be accessible and display empathy to members across teams</li> <li>Enable an environment for growth for all, invest in your development outside of work/role</li> <li>Be open and inclusive to people across geographies and cultures</li> <li>Work hard, party harder</li> </ul>

## OUR CUSTOMER BASE

As of October 31, 2021, we served over 250 brands across more than 30 countries across India, United Arab Emirates, Saudi Arabia, Singapore, Indonesia, Malaysia, Thailand, United States, and China. Our customers and brands are diversified across verticals and jurisdictions. Our customers include businesses engaged in apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality.

Our platform has seen rising adoption by large enterprise customers. Certain of our key large enterprise customers and what we do for them is set out below:



In Fiscals 2019, 2020 and 2021 and the three months' ended June 30, 2021, as per our Restated Summary Statements, total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively. Revenues generated from large enterprise external customers represented 81.97%, 86.67%, 84.69% and 94.51% of revenue from operations excluding service income from group companies and other operating revenues in such periods, while under our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, represented 90.28%, 91.96%, 92.08% and 97.28% of the revenue from operations excluding other operating revenues in such periods.

The following table presents our sale of services based on the services we provide that are derived from our Restated Summary Statements:

	Fiscal 2019 (As Adjusted)		Fiscal 2020 (As Adjusted)		Fiscal 2021		Three months period ended June 30, 2021	
	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)
Service income from group companies	966.17	56.02%	888.30	53.47%	611.35	53.21%	211.85	63.88%
Retainership and other income from	438.34	25.41%	492.28	29.63%	402.24	35.01%	91.68	27.64%



	Fiscal 2019 (As Adjusted)		Fiscal 2020 (As Adjusted)		Fiscal 2021		Three months period ended June 30, 2021	
	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)
external customers <sup>#</sup>								
Income from campaign services	280.30	16.25%	255.79	15.40%	91.85	7.99%	14.35	4.33%
Installation income from external customers	39.95	2.32%	24.86	1.50%	43.59	3.79%	13.78	4.15%
<b>Total Sale of Services</b>	<b>1,724.76</b>	<b>100.00%</b>	<b>1,661.23</b>	<b>100.00%</b>	<b>1,149.03</b>	<b>100.00%</b>	<b>331.66</b>	<b>100.00%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

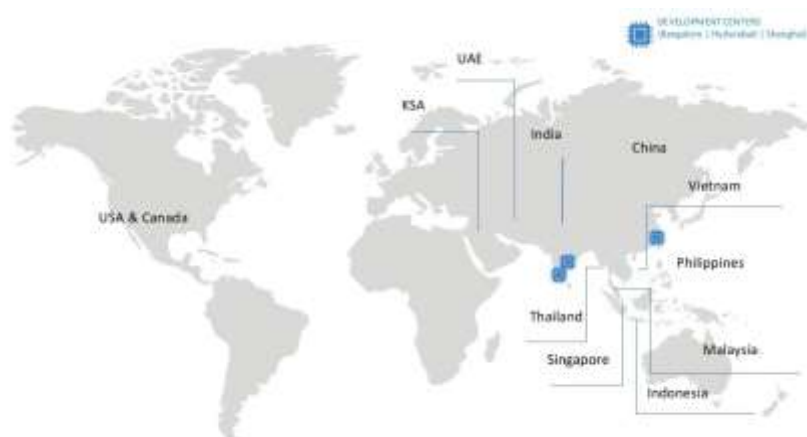
The following table presents the contribution by vertical based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in the relevant periods:

Vertical	Fiscal 2019	Fiscal 2020	Fiscal 2021	Three months period ended June 30, 2021
	Percentage of Total Revenue from Operations Excluding Other Operating Revenue <sup>(1)</sup> (%)			
Apparel	53.79%	45.87%	34.18%	31.95%
Other Retail	31.45%	35.05%	42.35%	43.51%
Conglomerate	4.42%	8.19%	10.39%	10.61%
Oil and Gas	0.05%	0.34%	5.69%	7.86%
Food and Beverage	8.24%	8.66%	6.60%	5.25%
Travel and Automobile	2.06%	1.89%	0.79%	0.82%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

(1) Calculated as a percentage of the combined revenue from operations excluding other operating revenue based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information

## OUR PRESENCE AND OPERATIONS

We have presence across the United States, India, Middle East, and Asia, in particular, South East Asia. As of October 31, 2021, we had eight offices and provided services in over 30 countries. We have expanded our operations in the United States with our recent acquisition of Persuade Group in September 2021. As of October 31, 2021, we had served more than 875 million users (based on unique mobile numbers) and in Fiscal 2021, we processed 1,975.27 million transactions.



In Fiscals 2019, 2020 and 2021 and the three months' ended June 30, 2021, total revenue from operations as per

our Restated Summary Statements were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively

The following table presents the contribution by geography based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in the relevant periods:

Region	Fiscal 2019	Fiscal 2020	Fiscal 2021	Three months period ended June 30, 2021
	Percentage of Total Revenue from Operations Excluding Other Operating Revenue <sup>(1)</sup> (%)			
India	39.66%	37.38%	29.16%	24.03%
South East Asia	18.72%	20.05%	27.20%	21.93%
EMEA	33.54%	30.96%	24.31%	22.68%
China	3.98%	5.89%	6.73%	6.53%
USA	4.10%	5.72%	12.60%	24.83%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

(1) Calculated as a percentage of the combined revenue from operations excluding other operating revenue based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information

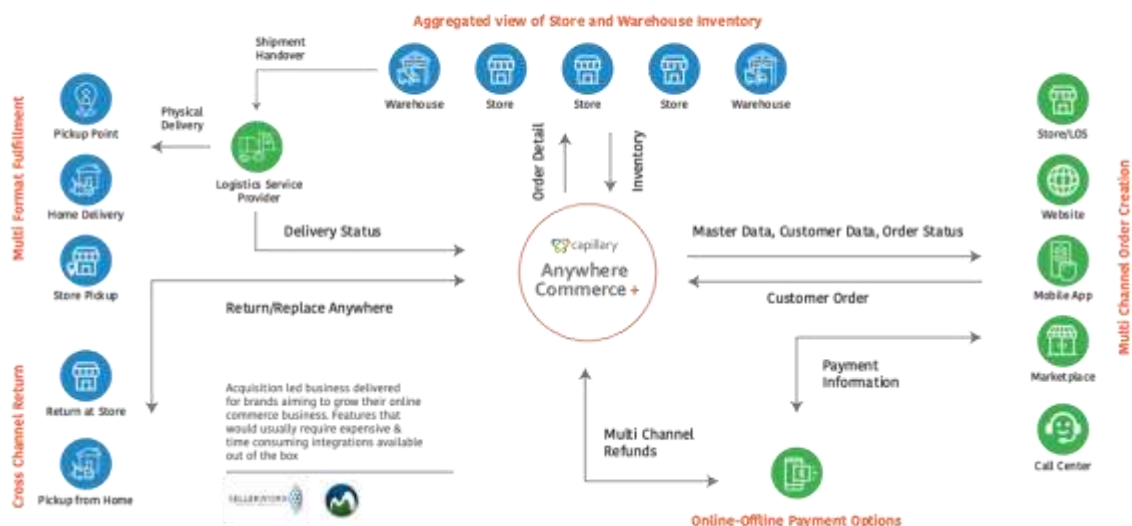
In terms of scale of operations and loyalty management capabilities, we have surpassed regional players as well as technology giants to become the market leader, in the loyalty management space. We are the market leader in Asia-Pacific region with a 39% market share in terms of loyalty management capabilities in 2020 based on the geographies in which we operate (includes customer loyalty only and customer segments that we serve but does not include employee loyalty). (Source: Zinnov Report) Scale of operations is determined based on parameters such as loyalty management year of inception, revenue per employee, multi-vertical offering, marquee customers, geographies focus, and loyalty headcount, while loyalty management capabilities is determined based on parameters such as functionalities, CDP offering, analyst mentions, omnichannel support, adoption of digital technologies, supported integrations and partnerships, investments/acquisitions, and non-transactional engagements. (Source: Zinnov Report)

#### **Anywhere Commerce+**

In Fiscal 2016 and Fiscal 2017, our Promoter originally acquired Reasoning Global Eapplications Private Limited for their product, Martjack (rebranded as Anywhere Commerce+) and Sellerworx Online Services Private Limited, respectively, which together formed the base for our Anywhere Commerce+ platform business. The Anywhere Commerce+ business helps retail and consumer brands with building their own e-commerce presence as well as with connectors for marketplaces. The Anywhere Commerce+ platform helps brands sell inventory located at stores and warehouses on any platform such as their own website, marketplaces and other stores through an endless aisle-like solution. As part of our offering, customers can choose a selection of modules that include a front-end such as website, mobile apps and cart management, marketplace connectors, order management system, integrations with delivery partners and payment providers and logistics tracking solutions.

## Integrated Omni-channel Commerce

An end-to-end Omni channel commerce suit



The following table presents our retainership and other income from external customers and installation income from external customers based on the services we provide as per our Restated Summary Statements:

	Fiscal 2019 (As Adjusted)		Fiscal 2020 (As Adjusted)		Fiscal 2021		Three months period ended June 30, 2021	
	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)
Retainership and other income from external customers <sup>#</sup>	438.34	25.41%	492.28	29.63%	402.24	35.01%	91.68	27.64%
Installation income from external customers	39.95	2.32%	24.86	1.50%	43.59	3.79%	13.78	4.15%

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, 14.61%, 15.02%, 12.05% and 12.99% of our revenue from operations, respectively, were generated by our *Anywhere Commerce+* platform. In Fiscal 2021 and in the three months' period ended June 30, 2021, we completed 8.08 million and 2.08 million transactions for our customers across India, Middle East and South East Asia. Brands that deploy our *Anywhere Commerce+* platform include ASICS, Indian Terrain Fashions Limited, Apollo Medsmart, TTK Prestige, BIBA and Fossil.



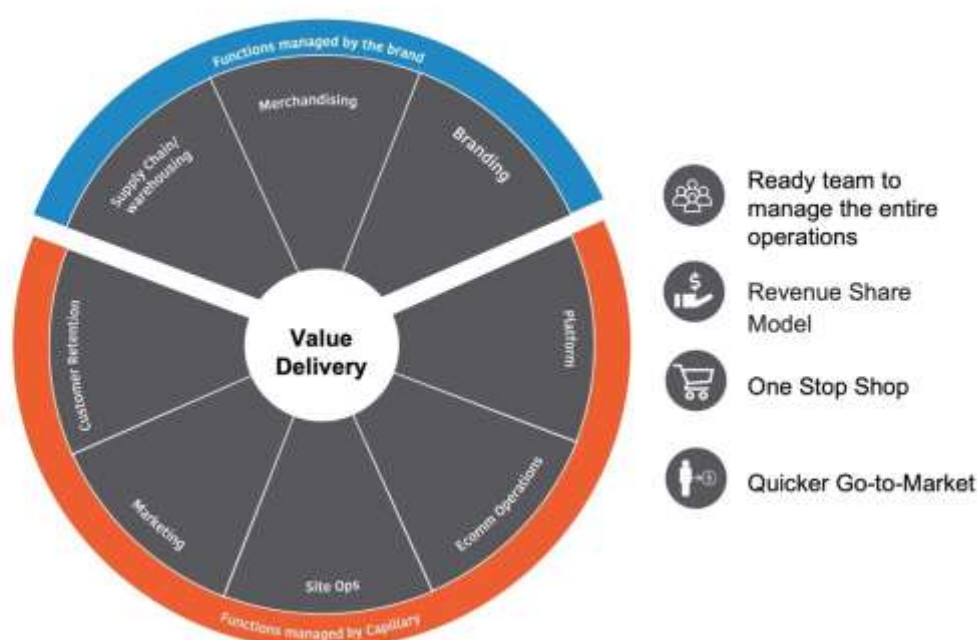
200 million visitors per month (Fiscal 2021)



Approximately 8.07 million Transactions (Fiscal 2021)



With mandatory shutdowns and social distancing measures introduced on account of COVID-19, people had limited access to the outside world and digitalization helped bridge gaps with e-commerce, platformization and digital health solutions, which led to the growth in internet consumption. Due to COVID-19-led social distancing, customers preferred purchasing online, and retailers leveraged various avenues such as loyalty management programs to attract and retain customers. Retailers are finding it hard to engage and retain customers, since they are inundated with plenty of options from different retailers. (Source: Zinnov Report) However, brands were not equipped with the right platform or the strategy to perform end-to-end online commerce operations consistently. The trend meant an upswing in opportunities for our *Anywhere Commerce+* platform. We also introduced a fullstack model that offered to partner with brands in building a long-term online strategy and execution, where we help brands build growth online. In such fullstack model, we work closely with the brand in developing and implementing the online strategy, investment commitments, and brand teams related to marketing and operations functions. For further information, see “*Case Studies – Indian Terrain*” on page 201. Our fullstack model has helped customers generate growth in the online channel significantly. Our *Anywhere Commerce+* business will continue to build on the fullstack model success.



## Acquisition of Persuade Group and United States Operations

*The information presented in this section is based on the financial and operational information of Persuade Group.*

The total addressable market (“TAM”) for loyalty management in North America is approximately ₹ 300 billion or US\$ 4 billion in 2021 and is expected to reach ₹ 400 billion or US\$ 5 billion by 2024 projecting a growth rate of 10%. (Source: Zinnov Report) The United States is an evolved loyalty market. The advent of digitalization and availability of non-transactional data is driving companies in the US to switch loyalty platforms. In recent years, customers in the United States have been switching from loyalty agencies to loyalty platform companies. (Source: Zinnov Report) In December 2020, we forayed into the United States market and witnessed initial success in our go-to-market efforts with new customers acquired in the United States market in 2021. As part of our foray into the United States, we have hired Jim Sturm, the former CEO of Brierley + Partners, a Forrester Loyalty Wave leader in 2017, to head our operations in the United States. Given the nature of the United States loyalty market, we evaluated acquisition opportunities and completed our acquisition of Persuade Group in the United States. Our acquisition of Persuade Group strengthens our presence in the United States and provides us access to Fortune 100 and Fortune 500 companies. Persuade Group’s founders, John Tschida and Bill Jansen, have significant experience in the loyalty space which we believe will help us expand our operations in the United States.

Our technology-first approach and the Persuade Group’s team’s experience is a strong combination that will help us enhance our presence in the US. With the acquisition of Persuade Group, in our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, 24.83% of our revenues from customers in the three

months' period ended June 30, 2021 were generated from the United States.

## KEY OPERATING METRICS

### India Operations

*The information presented in this section is based on the Restated Summary Statements of our Company*

The table below sets forth certain financial information for our India Operations based on the Restated Summary Statements:

Particulars	As at and for the year ended March 31,			As at and for the three months period ended June 30, 2021
	2019 (As Adjusted)	2020 (As Adjusted)	2021	
	(in ₹ million)			
Total revenue from operations	1,731.48	1,661.23	1,149.03	331.66
Total Income	1,749.46	1,675.99	1,231.57	337.00
Total expenses	1,866.14	1,673.93	1,062.17	311.72
Restated profit/ (loss) before tax	(116.68)	2.06	169.40	25.28
Restated profit/ (loss) for the year/period	(116.68)	2.06	169.40	25.28
Trade Receivables	319.73	397.38	519.10	651.14
Total Assets	711.43	861.90	815.95	863.64
Total Liabilities	645.22	742.60	490.99	483.69

The following table presents our sale of services based on the services we provide as per our Restated Summary Statements:

	Fiscal 2019 (As Adjusted)		Fiscal 2020 (As Adjusted)		Fiscal 2021		Three months period ended June 30, 2021	
	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)	Revenue (in ₹ million)	Percentage of total Sale of services (%)
Service income from group companies	966.17	56.02%	888.30	53.47%	611.35	53.21%	211.85	63.88%
Retainership and other income from external customers <sup>#</sup>	438.34	25.41%	492.28	29.63%	402.24	35.01%	91.68	27.64%
Income from campaign services	280.30	16.25%	255.79	15.40%	91.85	7.99%	14.35	4.33%
Installation income from external customers	39.95	2.32%	24.86	1.50%	43.59	3.79%	13.78	4.15%
<b>Total Sale of services</b>	<b>1,724.76</b>	<b>100.00%</b>	<b>1,661.23</b>	<b>100.00%</b>	<b>1,149.03</b>	<b>100.00%</b>	<b>331.66</b>	<b>100.00%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

Based on our Restated Summary Statements, our trade receivables increased from ₹ 319.73 million as of March 31, 2019 to ₹ 397.38 million as of March 31, 2020 and further to ₹ 519.10 million as of March 31, 2021 and were ₹ 651.14 million as of June 30, 2021.

Our total assets increased from ₹ 711.43 million as of March 31, 2019 to ₹ 861.90 million as of March 31, 2020 and reduced to ₹ 815.95 million as of March 31, 2021 and were ₹ 863.64 million as of June 30, 2021. Further our total liabilities increased from ₹ 645.22 million as of March 31, 2019 to ₹ 742.60 million as of March 31, 2020

and reduced to ₹ 490.99 million as of March 31, 2020 and were ₹ 483.69 million as of June 30, 2021.

COVID-19 resulted in a decrease in our total revenue from operations from ₹ 1,661.23 million in Fiscal 2020 to ₹ 1,149.03 million in Fiscal 2021. However, in Fiscal 2020 and Fiscal 2021, our endeavour for our business was to improve our gross margins and become profitable. As a result of our strategies, our profit before tax based on our Restated Summary Statements improved from a restated loss before tax of ₹ 116.68 million in 2019 to a restated profit before tax of ₹ 2.06 million in Fiscal 2020, and further to a restated profit before tax of ₹ 169.40 million in Fiscal 2021 and restated profit before tax of ₹ 25.28 million in the three months' period ended June 30, 2021. For further information, see "*Management's Discussion and Analysis of Financial Conditions and results of Operations*" on page 649.

### Capillary Business excluding Persuade Group

*The information presented in this section is based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information.*

The table below sets forth certain key performance indicators based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information:

Particulars	As of and for the year ended March 31,			As of and for the three months' period ended June 30, 2021*
	2019	2020	2021	
Number of Consumers on Platform <sup>(1)</sup> (million)	567.58	676.23	806.79	848.15
Number of Transactions Processed <sup>(2)</sup> (Annual) (million)	842.75	1649.40	1,961.72	205.73
New ARR <sup>(3)</sup> (in ₹ million)	448.96	468.99	401.47	29.07
Farming as a Percentage of New ARR <sup>(4)</sup>	33.34%	27.04%	45.32%	70.62%
Number of Sales Personnel	52	30	16	16
New ARR per Sales Personnel	8.63	15.63	25.09	1.82
Customer Acquisition Cost ("CAC") <sup>(5)</sup> (in ₹ million)	853.66	678.13	340.83	130.11
Payback <sup>(6)</sup> (No. of Months)	33.88	24.34	13.46	N.A.
Churn <sup>(7)</sup> (%)	3.92%	9.74%	11.12%	N.A.#
Net Retention Rate ("NRR") <sup>(8)</sup> (%)	125.25%	101.91%	74.50%	N.A.#
Gross Margin – Subscription <sup>(9)</sup> (%)	67.35%	71.28%	75.67%	73.68%
Gross Margin – Blended <sup>(10)</sup> (%)	46.09%	50.87%	60.38%	59.96%

\* Owing to the impact of the second wave of COVID-19 and ensuing lockdowns, data is not representative of our operations.

#Not available since financial information for corresponding three months' period ended June 30, 2020 not available.

Notes:

- (1) Number of consumers on platform is the number of consumers with a unique mobile number or personal identifiable information on the platform.
- (2) Number of transaction processed annually are the number of invoices or transactions that have been processed by our platform for our customers.
- (3) New ARR refers to monthly subscription revenue as per the contract with a customer multiplied by 12 which determines annual recurring revenue value as per contract from new contracts in a Fiscal / period.
- (4) Farming as a Percentage of New ARR refers to contract value of New ARR generated from an existing customer. Farming refers to incremental ARR derived from existing customers by way of additional brands, geographic coverage and incremental product offerings.
- (5) CAC refers to the total of sales and marketing cost in a particular period and the setup profit/loss for that period. It is the total cost to acquire a new customer and take the customer live.
- (6) Payback refers to the numbers of months taken to generate margins to cover the CAC and is calculated as CAC divided by New ARR multiplied by Gross Margin – Subscription.
- (7) Churn refers to customers who were not our customers in a particular Fiscal / period but from whom we earned revenue from contracts with customers in the prior Fiscal / period. Churn percentage is calculated as revenue earned by such customers in the previous Fiscal / period divided by prior year revenue from contracts with customers from all active customers of last Fiscal / period.
- (8) NRR is revenue for the current Fiscal / period from all customers of the current Fiscal / period and previous Fiscal / period divided by the revenue from the same customers in the previous Fiscal / period.
- (9) Gross Margins – Subscription refers to gross margins made by the business on subscription revenues after accounting for costs incurred to deliver services to customers.
- (10) Gross Margins Blended – refers to gross margins made by the business for subscriptions and campaign revenues which are both repeating/ recurring in nature. It doesn't include the setup/ one-time revenues or costs incurred for setups/ one-time revenues.

Based on our Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information, our Gross Margins – Subscription improved from 67.35% in Fiscal 2019 to 71.28% in Fiscal 2020 and to 75.67% in Fiscal 2021 and our Gross Margins – Blended improved from 46.09% in Fiscal 2019 to 50.87% in Fiscal 2020 and to 60.38% in Fiscal 2021.

In order to improve profitability, we deployed a strategy to pivot our business to focus on large enterprise customers and transition from lower margin, high service expectation customers, typically mid-market and small and medium-sized customers. We implemented this strategy by:

- Approaching existing customers who were delivering lower gross margins and offered to transition them out or reduce services and move them to fully self-service based delivery models. While this assisted in increasing our Gross Margins, our Churn also increased from 3.92% in Fiscal 2019 to 9.74% in Fiscal 2020 due to the transition and our NRR reduced from 125.25% in Fiscal 2019 to 101.91% in Fiscal 2020.
- Refocusing our sales teams to target large enterprise customers, which resulted in fewer sales team members but better sales efficiency. Our number of sales personnel as of March 31, 2019, 2020 and 2021 were 52, 30 and 16, respectively, while our New ARR increased from ₹ 448.96 million in Fiscal 2019 to ₹ 468.99 million in Fiscal 2020 and despite the impact of COVID-19 marginally reduced in Fiscal 2021 to ₹ 401.47 million. New ARR per sales personnel increased from ₹ 8.63 million in Fiscal 2019 by 81.11% to ₹ 15.63 million in Fiscal 2020 and by another 60.52% to ₹ 25.09 million in Fiscal 2021.
- Due to reduced team strength and the focus on higher margin large enterprise customers we have been able to reduce our total expenses from ₹ 1,866.14 million in Fiscal 2019 to ₹ 1,673.93 million in Fiscal 2020 to ₹ 1,062.17 million in Fiscal 2021. This has been partially possible due to reduced team strength of sales teams. Based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information, we have been able to lower our Customer Acquisition Cost from ₹ 853.62 million in Fiscal 2019 to ₹ 678.13 million in Fiscal 2020 that further reduced to ₹ 340.83 million in Fiscal 2021. Our Payback Period for new sales has reduced from 33.88 months in Fiscal 2019 to 24.34 months in Fiscal 2020 to 13.46 months in Fiscal 2021. Farming is also easier in large enterprises and our contribution to New ARR of farming has also increased since our focus on large enterprises.

In Fiscal 2021 and in the three months' period ended June 30, 2021, many of our customers faced the impact of COVID-19 due to lockdowns and serious health crises in our main markets of South East Asia and India. As a show of support during this trying period, we proactively extended discounts to certain of our customers, and we also saw lower usage-based revenues (campaign revenues) on our platform during Fiscal 2021 and in the three months' period ended June 30, 2021. Our NRR based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information reduced from 125.25% in Fiscal 2019 to 74.50% in Fiscal 2021. We witnessed an increase in Churn from 3.92% in Fiscal 2019 to 11.12% in Fiscal 2021 which reduced the NRR, but a large reason for the decrease in NRR can be attributed to reduced revenues from continuing customers due to discounts and lower usage based revenues. COVID-19 had a lesser impact on new customers with our New ARR reducing marginally by 14.40% between Fiscal 2020 and Fiscal 2021 despite a reduction in sales personnel from 30, as of March 31, 2020 to 16, as of March 31, 2021.

### Persuade Group Business

*The information presented in this section is based on the financial and operational information of Persuade Group.*

The table below sets forth certain financial information for Persuade Loyalty for the periods indicated:

Particulars	Fiscal			Three months period ended June 30, 2021 (in ₹ million)
	2019	2020	2021	
Revenue from operations	84.66	128.53	246.41	123.95
Total income	84.68	128.55	257.59	123.96
Total expenses	135.27	227.52	263.42	104.04
Profit/ (loss) before tax	(50.59)	(98.97)	(5.83)	19.92
Profit/ (loss) for the period / year	(50.59)	(98.97)	(5.83)	19.92

The table below sets forth certain key performance indicators for Persuade Loyalty for the periods indicated:

Particulars	As of and for the year ended March 31,			As of and for the three months' period ended June 30, 2021*
	2019	2020	2021	
Number of Consumers on Platform <sup>(1)</sup> (million)	2.76	6.88	7.18	7.37

Particulars	As of and for the year ended March 31,			As of and for the three months' period ended June 30, 2021*
	2019	2020	2021	
Number of Transactions Processed <sup>(2)</sup> (Annually) (million)	6.08	9.48	13.55	13.24
New ARR <sup>(3)</sup> (in ₹ million)	12.99	21.13	51.81	141.64
Farming as a Percentage of New ARR <sup>(4)</sup>	100.00%	-	-	-
Number of Sales Personnel	1	1	2	2
New ARR per Sales Personnel	12.99	21.13	25.91	70.82
Customer Acquisition Cost ("CAC") <sup>(5)</sup> (in ₹ million)	53.88	65.31	22.71	(10.06)
Set up (loss)/gain <sup>(6)</sup>	(16.23)	(19.51)	44.47	29.25
Payback <sup>(7)</sup> (No. of Months)	67.13	49.03	6.70	-
Churn <sup>(8)</sup> (%)	0.00%	11.36%	3.41%	N.A. #
Net Retention Rate ("NRR") <sup>(9)</sup> (%)	100.31%	104.03%	103.72%	N.A. #
Gross Margin – Subscription <sup>(10)</sup> (%)	74.13%	75.65%	78.47%	82.46%
Gross Margin – Blended <sup>(11)</sup> (%)	74.13%	75.65%	78.47%	82.46%

\* Owing to the impact of the second wave of COVID-19 and ensuing lockdowns, data is not representative of our operations.

#Not available since financial information for corresponding three months' period ended June 30, 2020 not available.

Notes:

- (1) Number of consumers on platform is the number of consumers with a unique mobile number or personal identifiable information on the platform.
- (2) Number of transaction processed annually are the number of invoices or transactions that have been processed by our platform for our customers.
- (3) New ARR refers to monthly subscription revenue as per the contract with a customer multiplied by 12 which determines annual recurring revenue value as per contract from new contracts in a Fiscal / period.
- (4) Farming as a Percentage of New ARR refers to contract value of New ARR generated from an existing customer.
- (5) CAC refers to the total of sales and marketing cost in a particular period and the setup profit/loss for that period. It is the total cost to acquire a new customer and take the customer live.
- (6) Set up (loss)/gain relates to business of Installation income from Aggregated Adjusted Financial Information only relating to Persuade Group.
- (7) Payback refers to the numbers of months taken to generate margins to cover the CAC and is calculated as CAC divided by New ARR multiplied by Gross Margin – Subscription.
- (8) Churn refers to customers who were not our customers in a particular Fiscal / period but from whom we earned revenue from contracts with customers in the prior Fiscal / period. Churn percentage is calculated as revenue earned by such customers in the previous Fiscal / period divided by prior year revenue from contracts with customers from all active customers of last Fiscal / period.
- (9) NRR is revenue for the current Fiscal / period from all customers of the current Fiscal / period and previous Fiscal / period divided by the revenue from the same customers in the previous Fiscal / period.
- (10) Gross Margins – Subscription refers to gross margins made by the business on subscription revenues after accounting for costs incurred to deliver services to customers.
- (11) Gross Margins – Blended refers to gross margins made by the business for subscriptions and campaign revenues which are both repeating/ recurring in nature. It doesn't include the setup/ one-time revenues or costs incurred for setups/ one-time revenues.

The Persuade Group's business is a younger and smaller business compared to our Company's operations. The Persuade Loyalty's business saw an increase in expenses from ₹ 135.27 million in Fiscal 2019 to ₹ 227.52 million in Fiscal 2020 to ₹ 263.42 million in Fiscal 2021 as the business invested in sales and marketing and delivery teams to scale the business. In Fiscal 2019, 2020, 2021, the losses before tax for Persuade Loyalty was ₹ 50.59 million, ₹ 98.97 million, ₹ 5.83 million and profit of ₹ 19.92 million in three months' period ended June 30, 2021. As a result of the investments in Sales and Marketing New ARR won increased consistently from ₹ 12.99 million in Fiscal 2019 to ₹ 21.13 million in Fiscal 2020 and to ₹ 51.81 million in Fiscal 2021 and further to ₹ 141.64 million in the three months' period ended June 30, 2021. Persuade Loyalty targets large enterprise customers in the United States of America who tend to contribute to higher Gross Margins – Subscription, which have been at 78.47% in Fiscal 2021 for Persuade Loyalty.

Due to the fewer number of customers and the nascency of the business, focus on United States and no additional geographies, no additional products (other than Loyalty), farming has been low in our Persuade Group's business. Our Persuade Group business has a three member sales team that includes a single sales person along with the two founders, John Tschida and Bill Jansen. In our Persuade Group's business, we generate higher margins on setup revenues which compensate for the sales and marketing expenses resulting in the Persuade Group having a low Customer Acquisition Cost and in certain quarters the profits made on setup revenues are more than the cost of the sales and marketing expense, making Customer Acquisition Cost negative as is the case for the three months' period ended June 30, 2021. As a result, the Payback period has been 6.70 months in Fiscal 2021 and 49.03 months in Fiscal 2020.

Revenue from operations of Persuade Loyalty have grown from ₹ 84.66 million in Fiscal 2019 to ₹ 128.53 million in Fiscal 2020 and to ₹ 246.41 million in Fiscal 2021 and were ₹ 123.95 million in three months' period ended



June 30, 2021. As a result of the increase in revenue over the last three Fiscals, despite an increase in expenses due to investment in sales and marketing and delivery teams), the loss for the year / period for Persuade Loyalty has reduced from ₹ 50.59 million in Fiscal 2019 to ₹ 5.83 million in Fiscal 2021 and the business turned profitable in the three months' period ended June 30, 2021 with a profit of ₹ 19.92 million.

### Capillary Business including Persuade Group

*The information presented in this section is based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information.*

The table below sets forth certain key performance indicators based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information:

Particulars	As of and for the year ended March 31,			As of and for the three months' period ended June 30, 2021*
	Fiscal 2019	Fiscal 2020	Fiscal 2021	
New ARR <sup>(1)</sup> (in ₹ million)	461.96	490.12	453.28	170.71
Revenue from Operations (in ₹ million)	2,073.62	2,246.94	1,955.52	499.24
Growth in Revenue Operations (%)	19.25%	8.36%	(12.97)%	N.A.
New ARR as a Percentage of Revenue from Operations (%)	22.28%	21.81%	23.18%	34.19%
CAC <sup>(2)</sup> (in ₹ million)	907.53	743.44	363.54	120.05
Payback <sup>(3)</sup> (No. of Months)	34.74	25.42	12.69	-
Churn <sup>(4)</sup> (%)	3.71%	9.81%	10.67%	N.A. #
NRR <sup>(5)</sup> (%)	123.91%	102.00%	76.21%	N.A. #
Gross Margin – Subscription <sup>(6)</sup> (%)	67.85%	71.60%	75.86%	74.84%
Gross Margin – Blended <sup>(7)</sup> (%)	47.34%	52.05%	61.33%	62.27%
Adjusted EBITDA	(950.47)	(696.52)	(66.77)	(89.31)
Adjusted EBITDA Margin (%)	(45.84)%	(31.00)%	(3.41)%	(17.89)%

\* Owing to the impact of the second wave of COVID-19 and ensuing lockdowns, data is not representative of our operations.

#Not available since financial information for corresponding three months' period ended June 30, 2020 not available.

Notes:

- (1) New ARR refers to monthly subscription revenue as per the contract with a customer multiplied by 12 which determines annual recurring revenue value as per contract from new contracts in a Fiscal / period.
- (2) CAC refers to the total of sales and marketing cost in a particular period and the setup profit/loss for that period. It is the total cost to acquire a new customer and take the customer live.
- (3) Payback refers to the numbers of months taken to generate margins to cover the CAC and is calculated as CAC divided by New ARR multiplied by Gross Margin – Subscription.
- (4) Churn refers to customers who were not our customers in a particular Fiscal / period but from whom we earned revenue from contracts with customers in the prior Fiscal / period. Churn percentage is calculated as revenue earned by such customers in the previous Fiscal / period divided by prior year revenue from contracts with customers from all active customers of last Fiscal / period.
- (5) NRR is revenue for the current Fiscal / period from all customers of the current Fiscal / period and previous Fiscal / period divided by the revenue from the same customers in the previous Fiscal / period.
- (6) Gross Margins – Subscription refers to gross margins made by the business on subscription revenues after accounting for costs incurred to deliver services to customers.
- (7) Gross Margins – Blended refers to gross margins made by the business for subscriptions and campaign revenues which are both repeating/ recurring in nature. It doesn't include the setup/ one-time revenues or costs incurred for setups/ one-time revenues.

Growth is a combination of NRR and New ARR as a percentage of revenue from operations, adjusted for farming, which contributes to both New ARR and NRR. Growth in our revenue from operations declined from 19.25% in Fiscal 2019 to 8.36% to Fiscal 2020. This was despite New ARR increasing from ₹ 461.96 million in Fiscal 2019 to ₹ 490.12 million in Fiscal 2020 and New ARR as a percentage of revenue from operations being similar at 22.28% for Fiscal 2019 and 21.81% for Fiscal 2020. Lower growth between Fiscal 2019 and Fiscal 2020 was attributable to higher Churn and lower NRR in our business primarily owing to our focus on increasing gross margins and profitability. Our focus on gross margins and profitability has helped increase Gross Margin – Subscriptions from 67.85% in Fiscal 2019 to 75.86% in Fiscal 2021, which has further improved Gross Margins – Blended from 47.34% in Fiscal 2019 to 61.33% in Fiscal 2021. There was a marginal decrease of 7.52% in New ARR from ₹ 490.12 million in Fiscal 2020 to ₹ 453.28 million in Fiscal 2021. The principal factor for the decline was the impact of COVID-19 to our operations. The trends in our revenue growth are largely reflective of variations in our NRR, and we expect that once we are able to achieve profitability and with the effect of COVID-19 reducing over the next few quarters, our NRR should stabilize in the next few years.

Our CAC has come down from ₹ 907.53 million in Fiscal 2019 to ₹ 743.44 million in Fiscal 2020 and to ₹ 363.54 million in Fiscal 2021 due to the switch in focus to large enterprise customers in our business, which has meant with lesser number sales personnel we were able to deliver similar New ARR leading to higher sales efficiencies. This reduction in CAC along with the increase in the gross margins has helped improve our Adjusted EBITDA

Margin from (45.84)% in Fiscal 2019 to (31.00)% in Fiscal 2020 and despite the degrowth in Fiscal 2021 our Adjusted EBITDA improved to (3.41)%. For the three months' period ended June 30, 2021, our Adjusted EBITDA slipped to (17.89)% due to the impact of second wave of COVID-19.

## OUR STRENGTHS

### ***Market Leader in Consumer Engagement and Loyalty Management in Asia with Deep Domain Knowledge***

We are the market leader in Asia-Pacific region with a 39% market share in terms of loyalty management capabilities in 2020 based on the geographies in which we operate (includes customer loyalty only and customer segments that we serve but does not include employee loyalty). (Source: Zinnov Report) For further information, see “**Industry Overview – Competitive Landscape and Capillary’s Positioning**” on page 168. Our diversified product suite helps businesses drive customer loyalty and engagement. In terms of scale of operations and loyalty management capabilities, we have become the market leader and are growing across the Asia-Pacific region by providing best-in-class loyalty suite to our customers. (Source: Zinnov Report) The number of consumers on our platform have increased consistently over the years. On basis of our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, number of consumers as of March 31, 2019, 2020 and 2021 and as of June 30, 2021 was 570.34 million, 682.91 million, 813.98 million, and 855.52 million, respectively. We processed 848.82 million, 1,658.88 million, 1,975.27 million and 218.98 million transactions in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, respectively.

We offer localized integration capabilities with existing point-of-sale systems, e-commerce and other platforms that in our experience results in efficient go-live times and translates into an optimal total cost of ownership. We believe that our diversified product portfolio, multi-geography capabilities, technology-first approach, demonstrated scalability, solutions for evaluating efficacy and return on investment of loyalty programs and industry thought leadership distinguishes us from our competition.

### ***High Growth and High Margin United States Operations following Acquisition of Persuade Group***

With our acquisition of Persuade Group, we have a significant presence in the United States with 37 employees based in the United States, as of October 31, 2021. Persuade Group has multiple Fortune 100 and Fortune 500 companies as its customers. Certain customers of Persuade Group include Scheels and Hoya Vision. Its founders, John Tschida and Bill Jansen, have significant experience in the loyalty space. Persuade Group witnessed growth in revenue from operations by 51.82% from ₹ 84.66 million in Fiscal 2019 to ₹ 128.53 million in Fiscal 2020 and by 91.71% to ₹ 246.41 million in Fiscal 2021. Further Persuade Loyalty delivered improving Gross Margin – Blended of 74.13%, 75.65%, 78.47% and 82.46% for Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, respectively. Persuade Loyalty's profit/ (loss) before tax were ₹ (50.59) million, ₹ (98.97) million, ₹ (5.83) million and ₹ 19.92 million in Fiscal 2019, 2020 and 2020 and in the three months' period ended June 30, 2021, respectively. Our technology-first approach and the Persuade Group team's experience is a strong combination that will allow us to enhance our presence in the United States.

### ***Strong Partnerships and High Recall in the Loyalty Industry***

We have a synergistic customer acquisition model where we focus on adding enterprise customers to our portfolio by leveraging our direct sales efforts and our extensive partner network and are able to cross-sell our products to extract more value. On the basis of our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, 7.43% of ARR for Fiscal 2021 was from our partners. Our partners are large system integrators and consulting firms which have relationships with most large enterprises across Asia.

We are the only company from Asia to be featured in the Forrester NowTech Loyalty Report and have been recognized as a leading vendor of hybrid loyalty solutions. (Source: Zinnov Report) We have been featured in multiple reports by Gartner and Forrester, who are the leading analyst for large enterprises in the industry. Some of the mentions are as below:



## High-Quality and Diverse Long-Term Customer Relationships

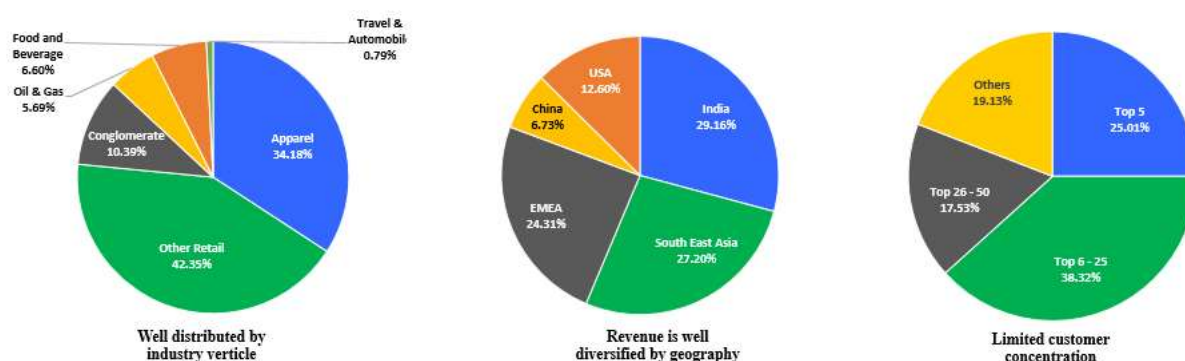
- **High-quality with long-term relationships**

We serve a number of customers that includes both enterprise and small and medium sized businesses across industries and geographies and as of October 31, 2021, we served enterprise customers including 12 Global Fortune 500 companies' present across 30 countries. Certain of our key customers include TATA, Adani, Petron, Dominos, Jotun, Aditya Birla Fashion Limited, Arvind Fashions Limited, ASICS, Puma Sports India Private Limited, Hoya Vision and Scheels. In the last three Fiscals, we have added a number of large enterprise customers such as TATA, Shell, Petron to our customer portfolio. We have approximately 140-day sales cycle in Fiscal 2021 and a similar implementation cycle that ensures that the business we close in a particular Fiscal delivers growth for coming Fiscals. We believe that we are core to our customers' success, well embedded in our customers' workflow and processes, and therefore, resulting in entry barriers and switching costs.

In Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, our total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively, as per our Restated Summary Statements. In Fiscals 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, revenue from operations excluding other operating revenue generated from large enterprise customers represented 90.28%, 91.96%, 92.08% and 97.28% of our revenue from operations excluding other operating revenue in such periods. We typically enter into long-term engagements with our customers. We have a history of high customer retention and derive a significant proportion of our revenues from repeat business built on our successful execution of prior engagements. On the basis of our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in Fiscal 2021, 70.28% of our revenue from operations excluding other operating revenues was generated by customers associated with us for over three years.

- **Diverse customer base across industries and geographies**

Our customers operate across a range of verticals including apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality. The following charts depict revenue split percentages across our customers in terms of verticals, regions and revenue concentration among top customers, based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information:

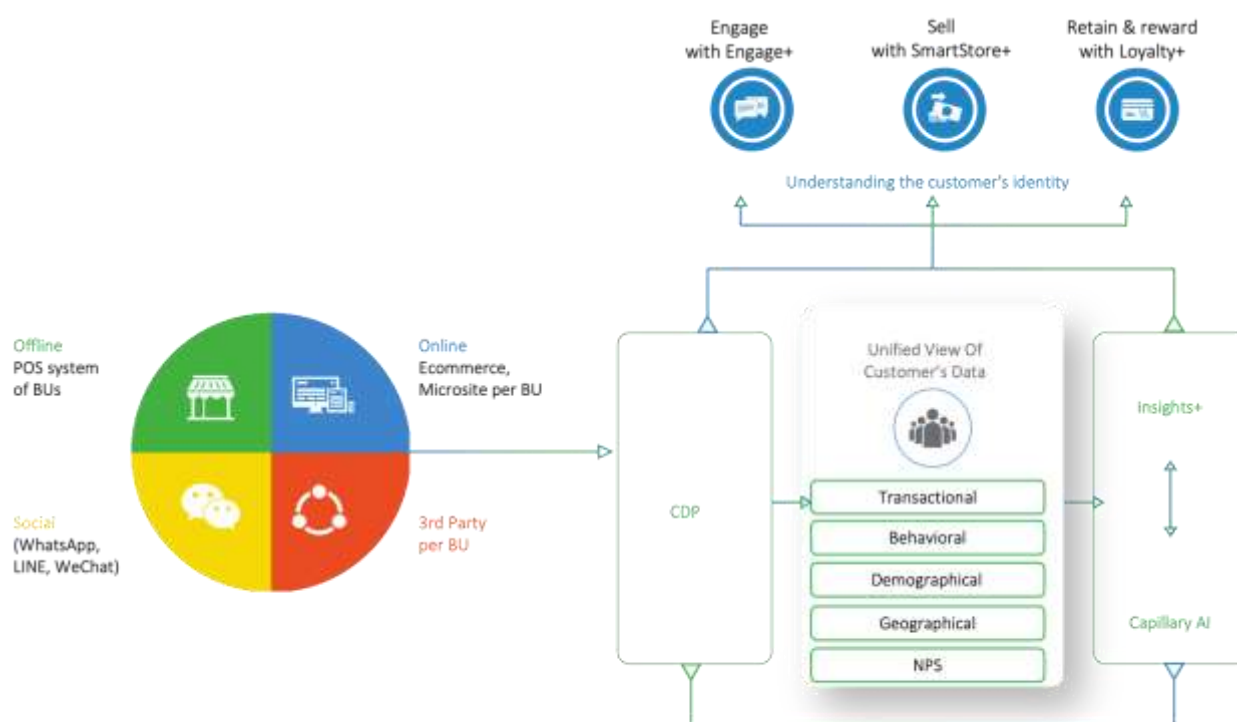


We have limited customer concentration. Based on our Proforma Financial Information, in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, revenue from operations was ₹ 2,073.62 million, ₹ 2,246.94 million, ₹ 1,955.52 million and ₹ 499.24 million respectively, of which revenue from operations excluding other operating revenue from our top 10 customers represented 43.82%, 39.97%, 39.22% and 46.78% of our revenue from operations excluding other operating revenue in such periods. The strength of our relationships with our customers allows us to generate additional revenues through up-selling and cross-selling opportunities.

## Comprehensive Solutions for Loyalty Management

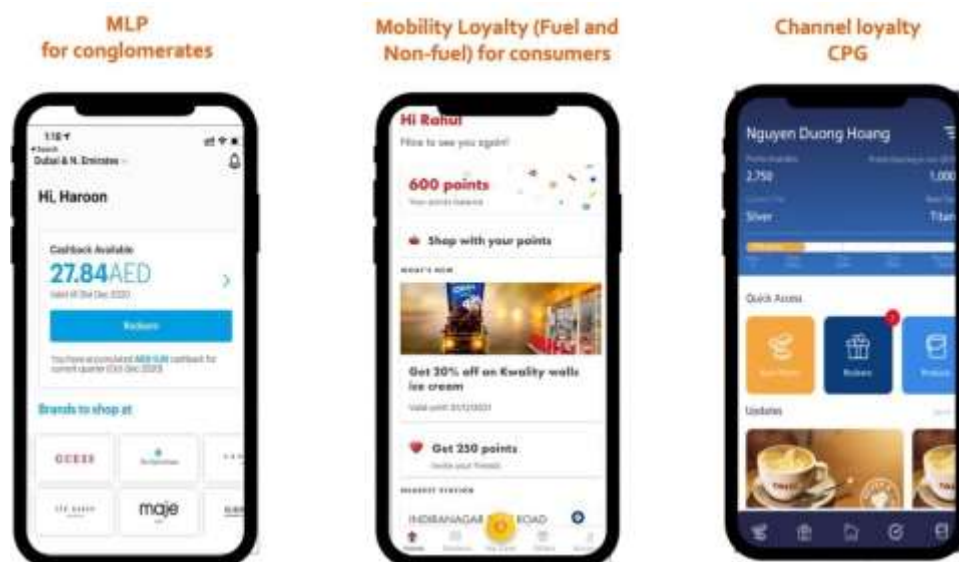
Most players provide point solutions for loyalty in this space. (Source: Zinnov Report) Our understanding of loyalty management over the last 10 years has enabled us to build a complete, single-point product offering that includes loyalty management, a CDP, a data analytics and insights platform, *Insights+*, and a customer engagement tool *Engage+*. By further leveraging data analytics and AI, our solutions and technology stack allows

us to create incremental value for our customers to build loyalty with their consumers. *Insights+* captures data across channels, cleanses, dedupes consumer records, and enriches consumer records based on their activity. Our customers are offered a comprehensive view of each consumer along with their transactional and behavioral activity across channels through our underlying CDP. *Loyalty+*, a personalized loyalty program software is fully-configurable to the business needs of our customers and helps increase repeat sales, improve brand engagement and stakeholder relations. Our diverse solutions help us deliver a complete configuration of offerings to our customers which differentiates us from our competitors.



Further we have been able to extend our platform to support industry-specific use cases, including:

- **Large conglomerates.** Our Multiple Loyalty Program functionality and ability to run coalitions differentiates us from other solutions and competitors, helping us win marquee customers including TATA, Adani, Al Futtaim and Aditya Birla Fashion Limited. For further information, see “*Case Studies – Tata*” on page 204.
- **Oil & Gas.** Our ability to run customer loyalty and fleet loyalty simultaneously on the same platform has helped us acquire notable customers in the industry such as Petron and Shell. For further information, see “*Case Studies – Petron*” on page 200.
- **Other large enterprise customers.** Our co-innovation model provides large enterprises with the benefit of an easily configurable SaaS platform and extensibility of an API-first platform that enables them to innovate and build on top of their existing solutions.



### Scalable Cloud-Based Infrastructure

Our technology infrastructure is built on a scalable, cloud-based architecture that allows our customers to process large volumes of data on a real-time basis and ensure high-speed and stable performance on a large scale to accommodate and support the increased complexity and diversity of their business operations. Our cloud platform is built to integrate seamlessly with the customer's existing technology stack.

As of October 31, 2021, our cloud platform hosted over 875 million consumers, and processed over 0.97 million loyalty transactions per hour, and over 41 million consumer communications per day, excluding our US operations. Our platform is proven to accommodate great scale and has garnered the preference of large enterprises. (Source: Zinnov Report) We are SOC2 compliant, PCI DSS, ISO 27001:2013, which differentiates us from country-specific local service providers. We also use advanced technology such as open-source systems for automating deployment, scaling, and management of containerized applications and unified analytics engine for large-scale data processing to ensure high uptime and scalability.

As of October 31, 2021, we had 159 employees excluding our US operations who develop, manage and maintain our platforms to ensure our customers are able to provide smooth, stable and secure loyalty programs to their consumers.

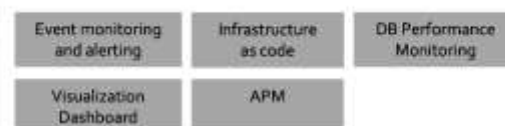
 ~9,70,000  
Loyalty  
transactions  
per hour

 41 million  
Customer  
communications  
per day

#### Scalability



#### Infra and Observability



#### Integration and Extensibility

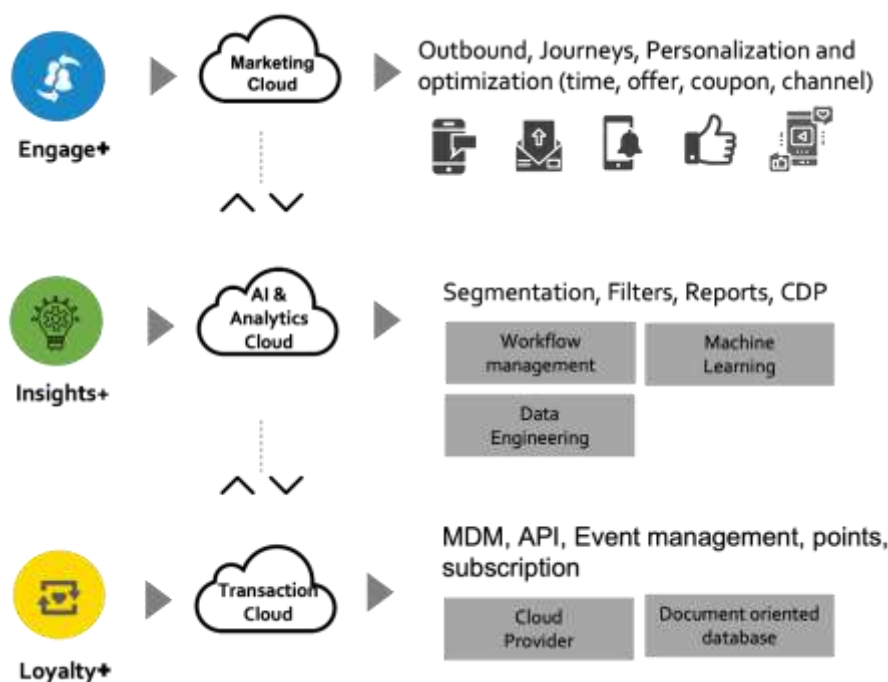


### Platform that Supports Multiple Use-Cases

We believe we can compete effectively with payments providers, marketing platform players, and analytics-first platforms over the years as our platform sits at the intersection of all these three areas. We amalgamate transactional systems that payment providers typically focus on with seamless workflow management, and AI-driven efficient data management and analytics that analytics companies traditionally offer. Positioning ourselves



at the intersection of these areas with a platform with features for these use cases enables us to offer convenient and consolidated value addition to the businesses of our customers.



### ***Innovative Analytics and AI-driven SaaS Solutions***

We provide a comprehensive set of AI-driven SaaS products for the CRM and loyalty management industry.

We have converted our extensive dataset of 855.52 million consumers, as of June 30, 2021, and their transactions into a scientific method to measure the impact of loyalty for customers. Two of our customers using the full functionality of our *Loyalty+* platform have derived benefits, to the tune of 2% and 19% of their revenue generated through our platform during the period October 1, 2020 to September 30, 2021.

We have further used the power of AI, to automate complex analytical solutions such as propensity modelling, personalization, and micro-segmentation. For instance, a campaign to target consumers potentially interested in a new category of products being launched can be run in a few minutes on our platform, which achieves significant cost and time savings compared to the traditional approach of hiring an analytics agency to build a propensity model to deliver the same outcomes. We support extensive AI-based models for purchase propensity, transaction propensity, lapsation propensity, product propensity, offer propensity, channel propensity, recency, frequency and monetary or RFM segmentation and K-means clustering. These functionalities help our customers personalize their consumer engagement better through the power of AI and we believe that this sets us apart from our competitors, particularly in the United States.

### ***Healthy Growth with Demonstrated Operating Leverage***

We employ a SaaS model, and generate revenues primarily by selling multi-year subscriptions to our cloud solutions. We focus on acquiring and retaining our customers and increasing their spending with us through expanding the number of users, stores and transactions that rely on our platform and cross-selling additional solutions. We sell our solutions directly through our sales teams, as well as through our partner network.

In Fiscal 2020 and 2021, we undertook significant efforts to transition to a business model that we believe can deliver profitable growth for our Company. Through our large enterprise focused go-to-market strategy, we have been able to carve out a sustainable growth model.

In Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, our total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, as per our Restated Summary Statements. In Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, our restated profit/(loss) before tax was ₹ (116.68) million, ₹ 2.06 million, ₹ 169.40 million and ₹ 25.28 million that accounted for (6.67)%, 0.12%, 13.75% and 7.50% of our total income, respectively, as per the Restated Summary Statements

of our Company.

Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our New ARR has remained relatively stable and in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021 was ₹ 461.96 million, ₹ 490.12 million, ₹ 453.28 million and ₹ 170.71 million, respectively, while our Gross Margins – Subscription was 67.85%, 71.60%, 75.86% and 74.84%, respectively. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, Payback Period improved from 34.74 months in Fiscal 2019 to 25.42 months in Fiscal 2020 and 12.69 months in Fiscal 2021. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our Adjusted EBITDA Margins improved from (45.84)% in Fiscal 2019 to (31.00)% in Fiscal 2020 and to (3.41)% in Fiscal 2021.

### ***Experienced Leadership Team backed by Marquee Investor Base***

We are led by a team of experienced professionals with extensive experience in the loyalty and CRM space. Our senior management team's expertise and industry relationships have helped us grow our operations. Our Executive Director and CEO, Aneesh Reddy Boddu has extensive entrepreneurial experience and has been recognized by Fortune India as a "Forty under 40" leader. He was also the co-founder of the Entrepreneurship Cell at the Indian Institute of Technology – Kharagpur and has also been awarded the Distinguished Alumnus Award by the institute.

Our Executive Director and Chief Operating Officer, Anant Choubey, also an alumnus of Indian Institute of Technology – Kharagpur, has been with us since our inception and has been pivotal in building our expansion from India into South East Asia and our growth through our various acquisitions. Our VP – Sales, Subhro Chakraborty, an alumnus of the Indian Institute of Management – Kolkata has been with us since October 2018 and has over 25 years of sales experience in Fortune 100 companies including HP, Dell and Adobe. On the engineering front, we are led by Piyush Goel, Senior Vice President Engineering and Piyush Kumar, Chief Technology Architect. Both are alumni of the Indian Institute of Technology, Kharagpur. Piyush Goel has led engineering teams at multiple companies including Yahoo!, Inmobi Technology Services Private Limited and Travel Triangle, while Piyush Kumar has led teams at Thoughtworks Technologies India Private Limited. Further, with our acquisition of Persuade Group, we have on-boarded John Tschida, who has over 25 years of experience in the loyalty industry and has deployed over 50 industry-leading programs globally. We are also joined by Jim Sturm, the former CEO of Brierley + Partners, a Forrester Loyalty Wave leader in 2017, with expertise in the loyalty space in the United States.

Our senior management team also has experience in identifying, evaluating and completing acquisitions, thereby providing us with opportunities to grow inorganically, through strategic acquisitions that complement or expand our existing operations. The recent addition of our United States go-to-market team who have expertise in the United States loyalty management space will enable us to ramp up our operations and foray deeper into the United States loyalty market. We are supported by our diverse employee base spread across 10 countries and as of October 31, 2021, we had a team of over 402 full-time employees.

We have also benefited from investments by affiliate entities of Sequoia Capital, Avataar Ventures, and Filter Capital in our Promoter, as well as by Swanland Investment Ltd., an affiliate of Warburg Pincus. We benefit from the capital infusion and professional expertise of our Promoter's shareholders.

### **Strategies**

#### ***Focus our Go-to-Market Strategy on Larger Enterprises in Asia***

The Asia Pacific loyalty management market is estimated to be ₹ 229 billion or US\$ 3 billion in 2021 and is expected to reach ₹ 400 billion or US\$ 5 billion by 2024, projecting a significant growth of 20% between 2021 to 2024. (Source: Zinnov Report) Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our revenues from operations for Fiscal 2020 were ₹ 2,246.94 million which was less than 10% of the TAM for loyalty in Asia. There is untapped potential in the enterprise market in Asia and we intend to capitalize on this opportunity by focusing our go-to-market strategy in Asia on our existing large enterprises such as Tata, Adani, Jotun, Shell, Petron, Aditya Birla Fashion Limited and Al-Futtaim, to expand our New ARR and business. This focus on large enterprises will help us continue growing with profitability and help us continue to deliver New ARR per sales personnel, Payback Period, Gross Margins and negative working capital metrics we have been able to deliver in the last couple of years. We intend to continue to build on our past performance by growing our New ARR through our go-to-market initiatives. With less than 10% penetration in our addressable TAM in Asia, we believe, we have headroom for further growth in this region.

To deliver on this strategy, we are continuing to invest in partnerships with large system integrators, consulting companies in the region apart from our account-based marketing efforts. We have a dedicated team focused on building relationships with potential partners and thereby gaining access to their customers. We will also continue to invest in our relationships with industry analysts. We aim to increase the pipeline and then New ARR contribution from partners and analysts over the next few years. We are further building advisory boards in India, Middle East, South East Asia which could springboard our access into these large enterprises in markets across Asia.

### ***Focus on improving NRR in Asia to achieve Higher Growth in the Region***

As per our Restated Summary Statements, in Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, our total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, whereas as per the Proforma Financial Information, revenue from operations were ₹ 2,073.62 million, ₹ 2,246.94 million, ₹ 1,955.52 million and ₹ 499.24 million, respectively. As per our Restated Summary Statements, in Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, our total expenses were ₹ 1,866.14 million, ₹ 1,673.93 million, ₹ 1,062.17 million and ₹ 311.72 million, respectively.

Based on our Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information, our NRR has decreased from 125.25% in Fiscal 2019 to 74.50% in Fiscal 2021 due to our focus on profitability in Fiscal 2020 and Fiscal 2021, the discounts offered to customers and lower usage-based revenues due to COVID-19 in Fiscal 2021.

We have significant headroom to grow in our existing customer base and will endeavour to improve our NRR by gradual removal of discounts and increase in usage-based revenues as the effects of COVID-19 recede and transition more customers to a usage-based pricing based on our loyalty value delivery-based model or our transaction slab-linked pricing model which we believe will help increase NRR.

We invest in new products such as CDP and promotion engine to complement our existing product suite. Based on our Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information, our Farming as a Percentage of New ARR was 33.34%, 27.04%, 45.32% and 70.62% for Fiscal 2019, 2020 and 2021 and the three months' period ended June 30, 2021, and will continue to be our focus with the introduction of such additional products. We also intend to grow through a land-and-expand strategy, where we achieve cross-selling with existing customers in terms of geographies or products. For further information, see "**Case Studies**" on page 200.

### ***Drive Expansion through addition of New Verticals***

We also intend to continue augmenting our presence in new verticals such as conglomerates, oil and gas and open newer verticals like travel and hospitality with the acquisition of Persuade Group. For our India Operations, New ARR from conglomerates and oil and gas verticals increased from nil in Fiscal 2019 to 32.08% in Fiscal 2020 and further to 77.42% for Fiscal 2021 and was nil in the three months' period ended June 30, 2021. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in Fiscal 2019, New ARR of 4.79% came from these conglomerates, oil and gas, which contribution has increased to 20.31% for Fiscal 2020 and 51.64% for Fiscal 2021. These new verticals have delivered New ARR for our Company as our retail vertical was disrupted on account of COVID-19. With the effect of COVID-19 subsiding, we believe that our New ARR should increase with the dual growth engines of retail and these added verticals.

### ***Grow organically in the United States***

North America has a TAM of approximately ₹ 0.3 trillion (US\$ 4.1 billion) in 2021 and is expected to reach ₹ 0.4 trillion (US\$ 5.4 billion) by 2024 projecting a growth rate of 10.22%. (*Source: Zinnov Report*) In particular, we believe that there is potential for growth in the United States and a higher margin potential from customers based in the United States. We have had initial success in our go-to-market efforts in the United States. We have also completed the acquisition of Persuade Group in October 2021. Persuade Loyalty has grown in revenues by 51.82% in Fiscal 2020 and 91.71% in Fiscal 2021. With growing revenues and profitability and Persuade Group being cash positive along with a customer base comprising multiple Fortune 100 and Fortune 500 companies, we believe that this will serve as a growth engine for our organic efforts in North America. We expect that the Persuade Group's team led by John Tschida, Bill Jansen and Jim Sturm will drive our operations in North America. We will further invest in North America by expanding our existing partnerships with large system integrators and consulting companies in Asia to those in North America. Further, we plan to grow awareness of our 'Capillary' brand and solutions in the region through participation in conferences and industry events and increase our marketing expenditure.



### ***Further Acquisitions in North America and other Western Markets***

The United States loyalty market is fragmented, with multiple family-run and smaller players in niche loyalty segments that are open to acquisition and consolidation. (Source: Zinnov Report) We can acquire various companies with potential for growth in our roll-up strategy. Post-acquisition of targets, we also intend to enhance profit margins through increasing operational efficiencies. We are in the process of identifying other acquisition targets in the loyalty and allied spaces that could complement our existing portfolio and also allow us to tap the market in the United States.

As we expand our operations, we intend to continue exploring inorganic opportunities for expansion, and venture selectively and prudently into other evolved markets like Europe. Our strategy would be to acquire a growing company like Persuade Loyalty as our first acquisition in these markets and follow it up with more roll-up acquisitions which would follow a similar strategy as mentioned above for the United States market.

### ***Scale Anywhere Commerce+ by focusing on our Full Stack Model and undertake Strategic Acquisitions***

Although online commerce is largely driven by market places, brands have increasingly sought to make their presence online through their own online channels. The desire for a dedicated online presence fastened during the onset of the COVID-19 pandemic. However, brands were not equipped with the right platform or the strategy to perform end-to-end online commerce operations consistently. (Source: Zinnov Report) The trend meant an upswing in opportunities for our Anywhere Commerce+ platform.

We simultaneously introduced a 'fullstack' model that offered to partner with brands to build a long-term online strategy and execution, where we work with the brand in setting up the online strategy, profit and loss and investments commitments, brand teams related to marketing and operations functions. In the 'fullstack' model, we work closely with the brand in setting up the online strategy, investment commitments, brand teams related to marketing and operations functions. Our 'fullstack' model has helped our customer generate significant growth in the online channel. We believe that our Anywhere Commerce+ business will continue to build on the success of our 'fullstack' model to scale e-commerce channels for mid-market brands in Asia. We intend to leverage on this significant opportunity in Asia as mid-market brands face challenges building and scaling their own e-commerce businesses. (Source: Zinnov Report) We intend to grow our sales and marketing teams for the 'fullstack' model and aim to scale this business significantly over the next few years as mid-market brands look to go digital profitably.

We have also built our Anywhere Commerce+ solution through our Promoter's acquisition of Reasoning Global Eapplications Private Limited and our investment in SellerWorx Online Services Private Limited. We believe that there is potential amongst companies in the e-commerce enablement space that enable online engagement, logistics tracking, conversational commerce, social commerce, warehouse management and pricing and mechanizing analytics and those which operate mainly within the Asian markets, which could lend themselves for acquisitions as we look to scale our Anywhere Commerce+ solution over the next few years.

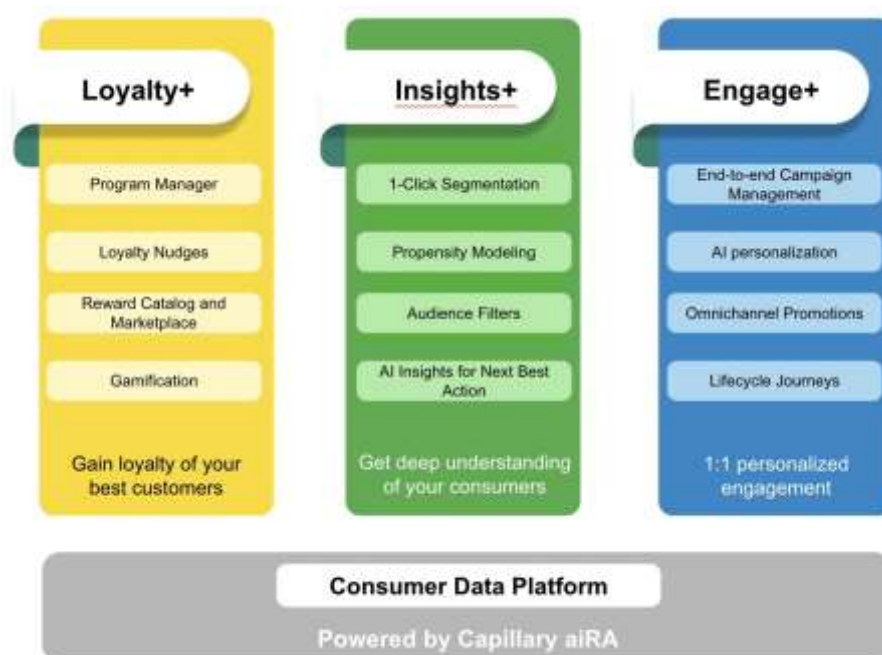
### ***Continue to Invest in our Platform to Support Large Enterprises, New Verticals, New Geographies and Enable more AI use-cases for our Customers***

Our success can be partly attributed to our technology platform and application of advanced analytics and AI technologies to our business. We have generated intellectual property in terms of granted patents and have applied for patents over the years. We will continue to invest in our technology teams to sustain our technology leadership in the loyalty space.

In Fiscal 2019, 2020 and 2021 and in three months' period ended June 30, 2021, our total expenses as per the Restated Summary Statements of our Company were ₹ 1,866.14 million, ₹ 1,673.93 million, ₹ 1,062.17 million and ₹ 311.72 million while based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, we incurred ₹ 495.68 million, ₹ 527.70 million, ₹ 398.83 million and ₹ 120.44 million, respectively, towards technology development and maintenance activities, which represented 14.43%, 15.43%, 15.64% and 16.10%, respectively, of our total expenses, based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information. Our technology development and maintenance team, which included 183 full-time employees as of October 31, 2021, has developed a CDP and promotion engine which we believe differentiates us from other players. We intend to continue investing in building new products and features, whilst extending our platform to offer improved loyalty management and customer engagement to a broader range of industries and use cases, such as hospitality and travel and markets such as North America and Europe. We intend to invest further on our

technology initiatives going forward. We analyze one of the largest datasets in the industry (*Source: Zinnov Report*) and intend to develop further AI-methodologies and products for new use cases across verticals, and enhance our data insights offerings for more effective and cost-efficient customer engagement.

## OUR PRODUCTS



Our product suite provides an omni-channel experience for consumers and helps enhance the returns on investment for our customers. All our products are powered by Artificial Intelligence Retail Analytics (“**aiRA**”) which is our next-generation AI engine. aiRA solves complex analytical problems using advanced data science and machine learning algorithms and feeds the stream of actionable insights to all the products on the platform enabling personalized loyalty program initiatives and customer engagement.

Our comprehensive loyalty and engagement product suite includes:

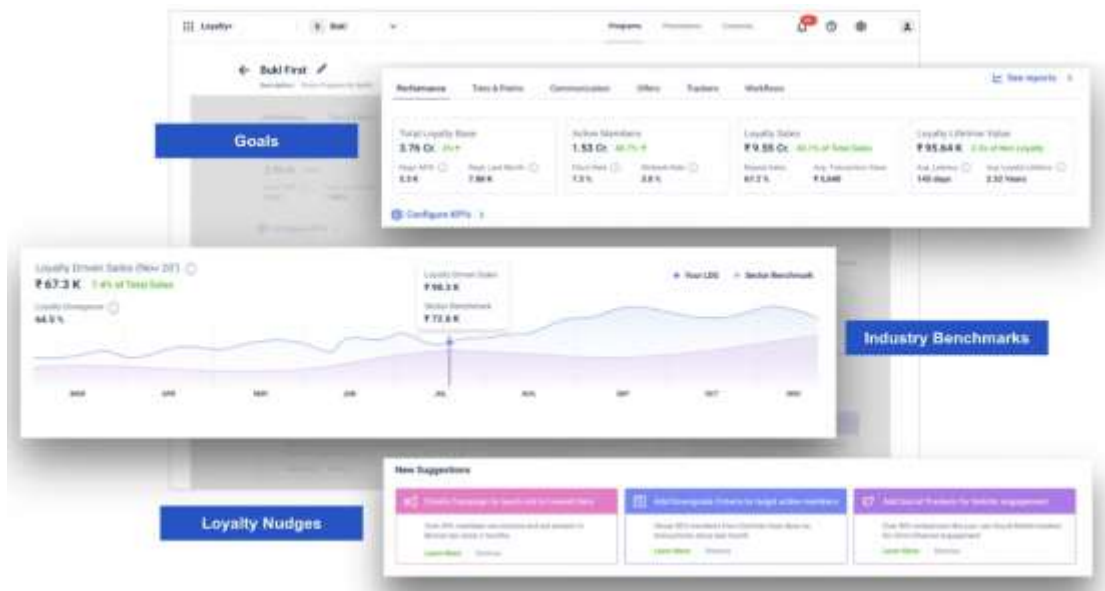
### Loyalty Program Management Platform

#### Loyalty+

*Loyalty+* is a configurable product module that enables our customers to drive customer advocacy through personalised loyalty programs. It focuses on mobile device management, application programming interface, event management and point subscription.

Key capabilities include:

- **Loyalty Nudges.** The AI-powered smart insights and suggestions powered by the aiRA platform enable Loyalty+ to provide actionable nudges to the marketers and loyalty program managers to optimize the programs and improve the customer experience to deliver better value to the businesses as well as the customers.



- **Incentives Manager.** Loyalty+ allows marketers to customize rule-based reward schemes and configure various incentives with the incentives manager such as points, coupons, stamps, coins, cashbacks, social rewards like badges and paid subscription program options to design loyalty programs that work for their brand and consumers. The incentives can also be expanded by adding any other sponsored rewards and allowing businesses to choose from a catalog of external rewards from our rewards marketplace.
- **Program Manager.** The product comes with in-built support for different types of loyalty programs that can be configured by marketers to drive personalized loyalty consumer journeys across multiple channels. Loyalty+ rewards customers for their transactional and non-transactional behavior (like checking into a store, playing a game and updating their profile). The product can connect to multiple other systems through APIs and has an in-built event management framework to identify, ingest and trigger actions on transactional, non-transactional and behavioral events.
- **Advanced Loyalty Templates.** The advanced loyalty templates enable programs like loyalty programs for B2B businesses- channel loyalty, multi-loyalty programs, coalition or partner loyalty programs, supplementary, and group loyalty programs like friends and family or employee loyalty programs.
- **Gamification.** The incentives manager also powers gamification mechanics by enabling milestones-based conquests, competitive leaderboards and referral bonuses to drive customer progression and also allows creating standard and custom chance-based games for customer engagement and rewards.

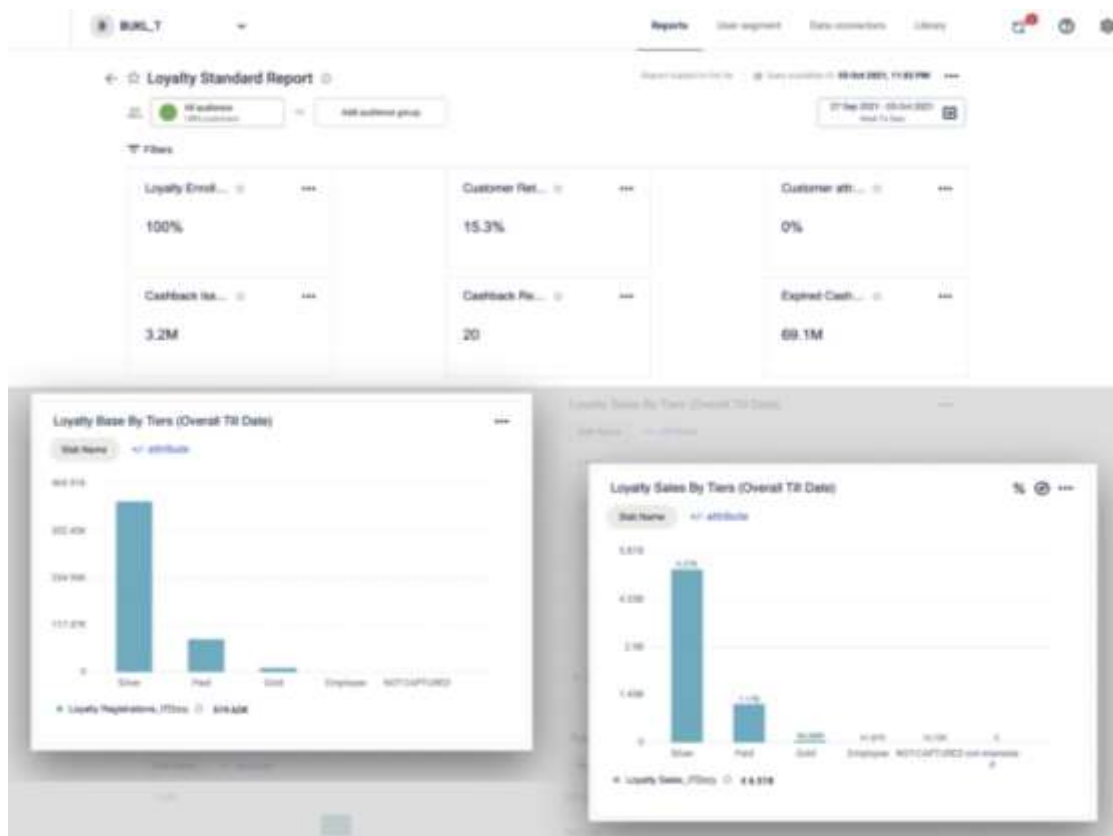
## Retail Analytics Platform

### Insights+

*Insights+* helps our customers attain a deeper understanding of their customers by using data analytics and methodologies to understand the true impact of loyalty on brands and profile consumers for more efficient marketing strategies.

Key capabilities include:

- **1-Click Segmentation and Audience Filtering.** Our in-built tracking tool offers various segmentation tools such as the segmentation of customer profiles using a combination of filters covering transactional and behavioral parameters for detailed analysis of customer cohorts. The comprehensive set of customer attribute-based filters powered by *Insights+* also help in executing most optimized and personalized customer engagement.



- **Propensity Modeling.** The various propensity models created on Insights+ using our aiRA engine also help analyze and refine customer targeting. Possible propensity models include the propensity to make a transaction/ buy a particular product, lapse, redeem points or coupon, transact at a particular store, transact at a particular channel, and transact/respond to a communication.
- **AI for next best Action.** Based on the KPI trend/movement, marketers can save user segments from the Insights+ dashboard or launch a marketing campaign or a new promotion and take corrective action to improve the right metrics.

## Omnichannel Marketing Automation Platform

### Engage+

Engage+ is an AI-powered solution for customers to increase the effectiveness of their marketing efforts and customer engagement with end-to-end campaign management. With Engage+, customers are able to accurately target customers on channels where they are most active and improve conversion by personalizing products, content and offers based on demography, browsing pattern, purchase history and product preferences.

Key capabilities include:

- **AI Personalization.** Our AI-personalization module *X-Engage* powered by aiRA picks the best channel mix for each customer by analysing multiple factors like reachability, responsiveness score and conversion probability. Our cross channel marketing platform brings together social media ads and other digital campaigns to offer collective insights for customers in their plans to scale up campaigns for thousands of consumers with the right cross-channel messaging mix. aiRA also powers various advanced audience filters based on the propensity modelling that personalize the campaigns by picking the customers to target with the personalized messages and offers.
- **Omnichannel Promotions.** Omnichannel promotions enable personalized promotions at customer, cart, catalogue and or store/channel level. Targeted offers and real-time evaluations of customer activities & purchases enable brands to optimize discounts and delight the customers with seamless incentivization at the point of sale- online or at offline stores.

- **Lifecycle Journeys.** Lifecycle journey builder helps brand build relationships and drive customer loyalty through a planned always-on marketing approach of integrated communications across multiple digital channels. With various templated Lifecycle Journeys, marketers ensure customers are engaged in the most personalized manner possible depending on the lifecycle stages they are in.



## Customer Data Platform

Our CDP creates persistent, unified and enriched customer data that is accessible to other products and systems. our CDP also ensures adherence to regional and industry-specific customer data privacy and security regulations.

- **Customer single-view.** Customer data collected across various first-party and third-party sources is cleansed and deduplicated for multiple consumer records, and enriched with consumer attributes based on behavioural and transactional activity to create every customer's rich profile. This single-view of every customer empowers the marketers to incentivize and engage with the customers in the most meaningful manner with *Loyalty+* and *Engage+* solutions.
- **Enrich Customer Data with aiRA.** The various customer attributes and propensities computed by aiRA-driven AI and Data sciences models are updated for every customer's profile automatically and updated regularly to create an updated and enriched customer profile with actionable customer-level insights.

- **Data Integration.** Our CDP allows real-time, scheduled, bulk and API based data integration options for integrating with various internal and external data systems for provide secured way of data ingress and egress of customer data.

#### ***Anywhere Commerce+***

For further information, See “*Anywhere Commerce+*” on page 179.

### **OUR EFFECTIVENESS AND LOYALTY VALUE DELIVERY FRAMEWORK**

We have been in the loyalty management space for a number of years and as of October 31, 2021, we have helped over multiple brands launch their loyalty program across the globe. With our extensive experience, domain expertise in loyalty management, and advantage of hosting our suite of products on our cloud platform, we believe, we have developed a deep understanding of the drivers of success for any loyalty program at scale.

We analyze one of the largest datasets in the industry (*Source: Zinnov Report*), and have adopted a data-driven methodology to measure value from incremental sales to assess the true impact of loyalty for brands. Leveraging data collected from a particular group of redeemers, our machine learning algorithms are able to identify a statistically similar group of non-redeemers and the effectiveness of the customized loyalty program on that group. Additionally, our platform allows customers to track their campaign performances with a live dashboard, and convert extensive datasets into analytical insights as to consumer behavior and preferences by data-profiling the customers.

The aspects that drive performance in loyalty programs include:

**Product/Offering Innovation.** Brands that constantly innovate their loyalty value offerings and adopt new age engagement levers are ones who have gradually upgraded themselves into the product expert zone. Features that have benefited brands and continuously helped them clock exceptional performance include:

- Real time incentivization - Ability to reward customers instantly for their purchase
- Tier structuring - Differential rewards and attractive benefits for more loyal customers
- Cross channel targeting - Target communications to relevant channels
- Personalized recommendations - Target communication relevant to customer buying behavior
- Social engagements - Effective use of social networks for customer engagement
- Cross-partner redemptions

**Adoption.** These are input parameters to the program for assessing the effectiveness of loyalty program. We typically suggest the following two metrics to assess the value proposition and excitement quotient for the customers:

- Enrollments - Number of people enrolling into the loyalty program
- Generosity - Dollar value equivalent cashback that the programs return back to the customer in the form of points on every purchase

**Intrinsic Factors.** These represent the brand’s commitment towards the execution of program which ultimately affects the success of a loyalty program.

- People - Strength of team managing the program for the brand, skills, target effectiveness and ability to achieve them. The brand runs the engagement with a focus on profit and loss.
- Budget - Cost earmarked for the customer engagement initiatives

We believe that effective utilization of these levers can uplift the performance of any loyalty program to a product expert performance level.

We call this model the Loyalty Value Delivery Framework and are moving our pricing models to charge customers



a small percentage of the incremental benefits they see from our platform.

## Case Studies



“

With the Capillary Loyalty System, we have a more flexible loyalty platform for the varying needs of our customers. More importantly, the system sets us up to create and adopt new loyalty programs that we have not yet done in the past, and enables us to forge partnerships with other business partners that will further enhance our loyalty offerings to our customers.

**Magnolia D Uy**  
Vice President for Retail Sales



### Objective

Petron, a leading fuel provider in SEA operates about 2,000 outlets in the Philippines. The company operates multiple card loyalty programs owing to its association with several partners. Built over a decade, the existing loyalty system required a lot of configuration effort to address the demands of a better customer experience owing to the multiple partner complexity

Petron looked out for a Loyalty partner who offers flexibility in adopting new loyalty programs.

### Solution

Capillary deployed its Loyalty+ and Engage+ solutions at Petron and migrated all existing loyalty cards. Through the Capillary solution, Petron is providing multi card system across its partners where-in the partners have the flexibility to adopt the loyalty program of their choice, configure this with ease and significant agility. The end consumers are provided with an easy to use web/ mobile application where they can see rewards, convert points to vouchers & the site interactions.

Our solution is deployed integrating with their existing POS terminal without changing any configurations at POS. Petron's L1 support staff has also been enabled with Out of the box member care model that helps them manage their customer queries and on-demand support.

### Impact Created

Petron & Petron's partners are seeing a higher uptake in their cards among its customers while building the acquisition stream. Operationally, Petron is now able to provide a significantly lower response time to its customer's transactions related to Loyalty. Response time brought down by 50% after migrating onto Capillary.





The partnership with Capillary to deploy a full stack e-commerce solution has been very successful to help us scale up very quickly as customers move to a digital environment. The uniqueness of this model is that it allows us as a company to focus on brand, product, marketing and consumer understanding while quickly scaling up e-commerce with all operations being managed by Capillary. This ECO-SaaS (EComm Solution as a Service) will offer brands and retailers a very quick and efficient pathway to scaling up their E-commerce businesses.

**Charath Narasimhan**  
CEO, Indian Terrain



### Objective

Indian Terrain, a successful menswear and kids wear brand in India had a very typical problem. They were very well established in the menswear space in offline retail stores and even in marketplaces. They were not able to scale up their own brand.com business and were stuck with very little business which has been stagnant for a few years.

Indian Terrain was looking for a partner who could provide a Single point solution that helped, setting up a right strategy & goals for their brand.com, define right metrics for success and arriving at the P&L along with marketing budget allocation and structure. Finally, also help the brand choose the right platform for their online business.

### Solution

Capillary deployed its fullstack ecommerce solution for Indian terrain online business. The fullstack model works on specifically three areas, one – functionally setting up the ecommerce site to match industry best practices for its consumer journey, two – restructuring merchandising & pricing strategy for the products on the site, three – enable the brand teams capable of a 360 degree marketing ecosystem across multiple channels and a well-defined post sales service & delivery operations. The Capillary fullstack model is deployed by setting up a 3 year business goal on P&L, along with mutually agreed budgets.

### Impact Created

The fullstack model was started on September 2020 and over the span of 12 months, the brand has seen close to 30x growth in sales as on September 2021 on their own ecommerce channel. This channel today contributes to 3%+ of their total revenues from less than 0.1% in July 2020.

This helped Indian Terrain build a sustainable high growth channel which allowed them to deliver the brand experience they wanted for their customer base.







Today's shoppers are spending more time browsing and buying online with the flexibility to shop anytime-anywhere. With Capillary, ASICS has been able to successfully build and expand omnichannel solutions across Southeast Asia to seamlessly connect and engage with our customers no matter where they are. This is just the first step in our journey, and we look forward to continuing this partnership to keep innovating on how we uplift our customers' experience.

**Yogesh Gandhi**  
Managing Director



## Overview

A Japanese multinational pioneer in sports equipment for more than 60 years, ASICS has presence in more than 50 countries and regions around the world.

## Brand Challenge

ASICS, wanted to set up an omnichannel ecosystem using its own website as an ecommerce platform for its customers in India. Besides seeking to have presence in both online and offline channels, the brand also wanted to offer an efficient buying experience online and personalized engagement offline for its customers.

## Capillary Solution

ASICS, in India, first partnered with Capillary by enabling a CRM solution on their existing customer base combined with Capillary's Anywhere Commerce+ platform (ACP). After deploying the solution, their customer base has grown 27X till date and the solution now accounts for 23% of their sales in India.

In 2018, ASICS purchased Anywhere Commerce+ solution to enable online purchase in other countries like Singapore, Malaysia, and Thailand. These markets eventually extended their engagement with Capillary to include CRM and loyalty solutions as well. Today, approximately 8% of the total brand revenue in these markets is generated from Capillary's omnichannel commerce solution.





At Dominos Indonesia, we were looking to build a better brand connect with our customers and use data to understand them better. We wanted customers to have a personalized experience while ordering on our own mobile app and drive more repeat orders. Capillary was able to help us by leveraging the capabilities of their CRM & engagement platform.

They were able to help us continuously engage with our customers by creating personalized customer journeys using an Omnichannel engagement solution that included various Social channels. There is a need to stay updated with what the consumers want and how we engage with them in the current fast-changing digital landscape.

Their team was able to understand our requirement quickly and helped us to drive value faster by going live with the solution.

**Harneet Singh**

CEO at Domino's Pizza, Indonesia

## Domino's Pizza Indonesia Case Study

### Challenges

Domino's, an incredibly successful pizza company across 90+ countries had an unusual problem in Indonesia. Domino's - a pioneer in its 'deliver to home space' wanted to increase online ordering and decrease single frequency users.

Domino's needed a Single point solution for the below problems:

- Conversion of New Customers to Existing customers or increasing the frequency of customers
- Increase healthy revenue stream, they needed to increase order value while creating value for the customer.
- Need to Engage with the customer accurately and win them over, to build a relationship with them

### Solution

Capillary - a single point solution to Domino's - Indonesia's Brand engagement and customer Traction problems. Capillary employed its solutions in three specific areas: **Insights+**, **Engage+** and **Capillary AI** - propensity based models employed to increase purchase propensity.

A customer lifecycle journey was designed. The exercise finally saw a creation of over 170 different digital (Omni channel) customer touch points based on a number of parameters. For example, starting with recency of purchase, visit count, active period of engagement and personalized customer segments based on purchase behavior to nudge the customers towards purchase.

Domino's Pizza saw a 3 times increase in Sales of Lifecycle Campaigns and 4 times increase in ROI with product personalization campaigns.

By improving the customer engagement, the Brand saw 3% decline in the one-timer Customer base and 8% increase in the Active Customer base.

The social engagement turned out to be a huge success with over 10 times ROI for Facebook campaigns.

This helped Domino create its own domino effect with sales, better customer engagement and a huge win on building its customer relationship.





## Objective

TATA Digital is the digital arm of India's leading conglomerate – the Tata group. The group has set up Tata Digital to build digital businesses that will address the needs of Indian consumers as well as businesses.

TATA Digital was looking to build a Tata Consumer Platform and were looking for a loyalty platform that could deliver flexibility and innovation at scale. Tata Digital ran an RFP process and spoke to many vendors and choose Capillary Loyalty+ as their Loyalty Platform.

## Solution

To realize Tata Digital's vision of a flexible and innovative loyalty platform which could work at scale, the following solutions have been delivered

- **Loyalty+:** Our Loyalty+ platform was integrated into the TATA Digital platform. Multiple use cases of loyalty – earn/ burn of points coupons, tiering, gamification, gifting among others have been enabled as part of the platform.
- **Deeply integrated play:** The loyalty platform is integrated into multiple workflows of the Tata Digital Platform.
- **Co-innovation model:** A co-innovation model is being adopted which leverages multiple functionalities of the Loyalty+ platform and the extensibility of an API first platform. This has allowed Tata Digital flexibility to build functionalities on top of the Loyalty+ Platform.

The TATA Consumer Platform would power the TATA SuperApp (TataNeu).

Integrated with over 65 systems of point of sale, order management system, e-commerce and backend systems; we are now onboarding niche digital-first programs onto its platform. The platform's ability to support multiple verticals, paid programs, supplementary programs, and external parties' integrated programs fulfilled the requirements of TATA Digital.



## DATA PROTECTION AND CYBERSECURITY

Data security is crucial to our business operations. We process collected customer information as a critical aspect of our offerings. We have internal rules and policies to govern how we may use and share personal information, as well as protocols, technologies and systems in place to ensure that such information will not be accessed or disclosed improperly. Our business-to-business (“B2B”) customers are required to acknowledge the terms and conditions of their user agreements before they are allowed access to our products and services. The B2B customer terms and conditions obtain consent to the collection, use, and disclosure of their data in compliance with applicable laws and regulations, and we will only use the data of our users under the conditions agreed by our users.

We maintain an information security team headed by a data protection officer, that is responsible for implementing and maintaining our internal control protocols which cover the full lifecycle of data processing including data collection, data quality management, data encryption and transportation, data storage security, data backup and recovery, data processing and analytics, proper use of data, and data destruction and disposition. We adopt a data encryption system intended to ensure the secured storage and transmission of data, and prevent any unauthorized member of the public or third parties from accessing or using our data in any unauthorized manner. We use firewalls to protect access to our networks and to the servers and databases on which we store confidential data, restrict access to our network by virtual private network, and conduct periodic audits of data access and modifications of our network. In addition, we have developed and use internal procedures to protect the personal information of our users. We also work with several third party security companies to help us with regular audits of our infrastructure, websites and apps. We have engaged with a cloud security company to improve cloud security posture management which provides us with agentless contextual cloud security and is able to provide us with instant alerts and clear action items related to any cloud mis-configurations, cloud secret leakages, containers, server images or workloads. This allows us to continuously monitor our risk and compliance and make an assessment of the cloud environment to maximize our security coverage and provides us with continuous compliance monitoring of all our applications, regardless of where they are running.

Our data protection and privacy policies are focused on ensuring that: (i) our collection of personal data is conducted in accordance with applicable laws and regulations; (ii) personal data we collect are reasonable for the purposes for which they are collected; and (iii) our users are informed of the purposes for which their personal data are collected and used and their rights with respect to such data. In addition, to minimize the risk of data loss or leakage, we maintain contingency, redundancy and conduct regular data backup and data recovery tests. We are subject to various laws and regulations, including the EU General Data Protection Regulation and the Singapore Personal Data Protection Act, relating to data protection and privacy, and the processing of personal and behavioral data.

We provide assurance to our stakeholders for cybersecurity and data privacy independently through third party annual security audits for global standards. We are ISO 27001:2013 and PCI DSS certified for all customer servicing and internal processes and technologies and SOC 2 Type 2 Attested for the CRM and Loyalty services.

For further information, see “**Key Regulations and Policies**” and “**Risk Factors – We are subject to various Indian and international laws and regulations regarding privacy and data security, and we or our customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure to comply with these laws and regulations could impose significant compliance burdens.**” on pages 211 and 35, respectively.

## CONTRACTUAL TERMS AND PRICING

### Contractual Terms

Our contracts with our customers are mainly for providing SaaS based solutions to our customers. We enter into long term contracts with our customers. The length of our contracts varies from one to five years and is typically for a period of three years. We typically bill our customers on a quarterly basis in advance.

- **System maintenance / downtime of services.** Under these contracts, if the system maintenance or downtime of services including customer support hours, exceed a certain number of hours, such pro-rata number of days of downtime is required to be adjusted against the monthly retainer fees.
- **Indemnity.** Our Company is required to indemnify customers for any claims, losses, damages and expenses on account of its sub-contractors, vendors, suppliers and third parties in undertaking the



performance under these agreements.

**Pricing.** We typically follow the following approaches of pricing our services:

**Subscription.** These are recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

**Campaigns.** Campaign revenues are fees paid by customers to us for every message including text messages, email or ad-words that they send out from our platform.

**Setup.** Setup revenues are revenues we charge customers for the integration / configurations to our platform to take a customer live.

The following table presents our sale of services based on the services we provide as per our Restated Summary Statements:

	Fiscal 2019 (As Adjusted)		Fiscal 2020 (As Adjusted)		Fiscal 2021		Three months period ended June 30, 2021	
	Revenue (in ₹ million)	Percentage of total sale of services(%)	Revenue (in ₹ million)	Percentage of total sale of services (%)	Revenue (in ₹ million)	Percentage of total sale of services (%)	Revenue (in ₹ million)	Percentage of total sale of services (%)
Service income from group companies	966.17	56.02%	888.30	53.47%	611.35	53.21%	211.85	63.88%
Retainership and other income from external customers <sup>#</sup>	438.34	25.41%	492.28	29.63%	402.24	35.01%	91.68	27.64%
Income from campaign services	280.30	16.25%	255.79	15.40%	91.85	7.99%	14.35	4.33%
Installation income from external customers	39.95	2.32%	24.86	1.50%	43.59	3.79%	13.78	4.15%
<b>Total Sale of services</b>	<b>1,724.76</b>	<b>100.00%</b>	<b>1,661.23</b>	<b>100.00%</b>	<b>1,149.03</b>	<b>100.00%</b>	<b>331.66</b>	<b>100.00%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

Based on our Proforma Financial Information, the table below sets forth details of our sale of services:

	Fiscal 2019		Fiscal 2020		Fiscal 2021		Three months period ended June 30, 2021	
	Revenue (in ₹ million)	Percentage of total sale of services(%)	Revenue (in ₹ million)	Percentage of total sale of services (%)	Revenue (in ₹ million)	Percentage of total sale of services (%)	Revenue (in ₹ million)	Percentage of total sale of services (%)
Retainership and other income from external customers <sup>#</sup>	1,143.77	55.34%	1,326.85	59.05%	1,231.06	62.95%	292.32	58.55%
Installation income from external customers	170.51	8.25%	244.21	10.87%	370.87	18.97%	124.77	24.99%
Income from campaign services	752.62	36.41%	675.88	30.08%	353.59	18.08%	82.15	16.46%

		Fiscal 2019		Fiscal 2020		Fiscal 2021		Three months period ended June 30, 2021	
		Revenue (in ₹ million)	Percentage of total sale of services(%)	Revenue (in ₹ million)	Percentage of total sale of services (%)	Revenue (in ₹ million)	Percentage of total sale of services (%)	Revenue (in ₹ million)	Percentage of total sale of services (%)
Total Sale of Services		2,066.90	100.00%	2,246.94	100.00%	1,955.52	100.00%	499.24	100.00%

# Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

## COMPETITION

The global TAM for loyalty management is estimated to be ₹ 810 billion (US\$ 11 billion) in 2021 and is expected to reach ₹ 1,190 billion (US\$ 16 billion) by 2024. All the regions across the globe are registering a growth rate of more than 10% from 2021 to 2024, with Asia-Pacific projecting a significant growth rate of 20% from 2021 to 2024. Our potential competitors include mid-market independent software vendors such as TADA, COMO, and technology giants such as Oracle and SAP. (Source: Zinnov Report) For further information, see “**Industry Overview**” on page 140. We believe we are well-placed to capture this growth and remain ahead of the curve within the region.

## INTELLECTUAL PROPERTY

We are a technology-first company that has created intellectual property in the form of patents and proprietary algorithms and frameworks. We regard our proprietary domain names, trademarks, patents, trade secrets and other intellectual property as critical to our business operations. We rely on a combination of patents, trademarks, trade secret laws and restrictions on disclosure to protect our intellectual property. Our success and ability to compete depend in part upon our ability to protect our technology and to establish and adequately protect our intellectual property rights.

Pursuant to the Business Transfer and under the deed of assignment dated November 20, 2021, our Material Subsidiary, CPL, has been assigned a total of eight patents granted to our Promoter, CTIPL in Singapore and USA. Further, CTIPL has applied for registration of eight patents in India and USA before the relevant authorities and pursuant to the Business Transfer, these applications have been assigned to our Material Subsidiary, CPL while CPL has also applied for registration of one patent in India. Our Promoter, CTIPL, also has a total of 38 trademarks registered under classes 9, 35, 36 and 42 across India, USA, Europe and Singapore, all of which registrations have now been assigned to our Material Subsidiary, CPL under the deed of assignment dated November 20, 2021. Our Promoter, CTIPL has also applied for registration of six trademarks under classes 9, 35 and 42 in China, all of which applications are currently pending before the relevant authorities, and have been assigned to our Material Subsidiary, CPL, pursuant to the Business Transfer. However, transfer of such intellectual properties from our Promoter, CTIPL to our Material Subsidiary CPL pursuant to the Business Transfer, are subject to completion of certain procedural activities with the relevant regulatory authorities. For further information, see, “**Government and Other Approvals – Intellectual Property of our Material Subsidiaries**” on page 706.

We have implemented a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. Key measures include: (i) establishing a dedicated intellectual property legal consultant to guide, manage, supervise and monitor our daily work regarding intellectual property; (ii) applying for registration of our intellectual property before commercialization; (iii) timely registration, filing and application for ownership of our intellectual property; (iv) actively tracking the registration and authorization status of intellectual property and taking action in a timely manner if any potential conflicts with our intellectual property are identified; (v) clearly stating all rights and obligations regarding the ownership and protection of intellectual property in all employment contracts and commercial contracts we enter into; (vi) appointment of a nodal officer responsible for successful implementation of our processes; and (vii) quarterly review of measures by senior management personnel of our Company.

For further information, see “**Risk Factors – Failure to protect our intellectual property rights could adversely affect our business and our brand.**” on page 40.

## SALES AND MARKETING

We have a decentralized sales and marketing teams that specialize in the regions where they operate. Our sales team members are based in the United States, Canada, United Arab Emirates, Saudi Arabia, India, Singapore, Malaysia and Indonesia. Our marketing teams are based out of India.

We use latest sales, marketing and service cloud modules to build a single comprehensive view for the customer, right from corporate to property or unit level. We use automated reports from our sales CRM for monitoring and tracking of sales metrics and monitor pipeline progress and real-time customer and opportunity visibility. We have a dedicated sales operations team which enables this for us.

Our sales and marketing teams and initiatives are streamlined into the following sub functions:

**Marketing.** We have also developed a dedicated marketing team including specialists in brand marketing, product marketing and performance marketing. We have established specific metrics to measure the performance of these marketing teams in terms of lead generation, and increasing visibility of our products and solutions through in-person or remote industry events.

**Demand Generation.** We have a dedicated team of sales development representatives who reach out to our prospective customer segment and generate demand for our products. We have a dedicated performance marketing team which works on digital platforms and helps generate demand for our products.

**Pre-Sales.** Our pre-sales team understand our customers' requirements and maps it to our solutions and helps our customers decide which of our products would best solve their problems, additionally our pre-sales team also help us in deciding the pricing that we should propose to our customers.

**Field Sales.** We have two field sales teams – one focused on enterprises and another focused on the large accounts. Our field sales teams build relationships with our customers and own the sales process end-to-end and act as the bridge between the customers and our internal teams during the sales process.

**Partnerships and Analyst Relationships.** We have a dedicated team focused on building our presence in large system integrators and consulting companies and helping these partners propose our solutions/ products in their conversations with their customers. We also have a dedicated team focused on building relationships with industry analysts like Forrester and Gartner.

**Customer Success.** We have developed a dedicated customer success team that is primarily responsible for ensuring that the relevant customers derive measurable value as a result of using our products and solutions. Our existing customer accounts are segregated based on existing contract value and potential for additional sales and engagements. We follow a streamlined engagement model that includes quarterly business review and monthly interaction with customers. These customer engagement measures enables us to align our products and solutions offerings to customers' business objectives and thereby further expand the existing customer accounts with additional opportunities that can be serviced through our broader products and solutions portfolio.

Our marketing and sales efforts are focused on both generating new customers as well as cross-selling and upselling our broader suite of products and solutions. Key account management is also facilitated by a local representative. Our sales teams are distributed across various geographies we focus on, and we actively leverage existing customer relationships to gain referrals. We continue to focus on deepening our relationship with customers through providing our broad suite of products and solutions and therefore educate and train our sales teams on the features and value drivers for our full suite of products and solutions. We have also introduced incentive plans for different levels of sales professionals that vary across geographies.

We offer 24x7 customer support whereby customers may seek assistance through system tickets, live chat support, telephone calls and through email. All customer support requests are categorized based on the level of impact, with specific measures relating to resolution timelines. We use a common sales, service and marketing cloud for ticket tracking and CRM which provides a single view of the customer, which can be leveraged to understand their current engagement while generating new opportunities from existing customer base. We measure customer satisfaction on ticket closures and turn-around times, re-opening of issues and ticket volume to improve our support function.

## TECHNOLOGY

We put technology at the forefront for solving problems for our customers. Our products, and platforms have been built with latest tools and technologies. Technology has been a key for supporting certain of our large enterprise customers, and delivering loyalty, and AI powered solutions at scale with optimum costs, and high availability. We are committed to investing in our technology and product roadmaps to push the envelope on innovation and give all global businesses the best possible customer engagement solutions.

### Scale of the Infrastructure

Our products are designed for cloud native environments that allow us to scale our products as per the customer needs while optimising the costs. Our applications are fully containerised and orchestrated by clusters that can horizontally scale with minimum human involvement. This allows us to process large number of transactions and customer data points seamlessly in real time. All data is pushed into our data platform which allows powerful slicing, and dicing capabilities on this large data set. This data platform computes rich segments, facts, and key performance indicators that are used for reporting, and analytics. These computed data points are also fed into our AI and ML algorithms that are trained over neural networks. Our infrastructure is managed via infrastructure as code paradigm. These automation workflows allow us to manage several global deployments.

Along with scalability, we operate a secure infrastructure. We continually upgrade our infrastructure regular security audits, and certifications. Our products comply with international standards such as ISO 27001, EU GDPR and PCI-DSS.

### Open Platform - Extensibility and Ease of Integration

We have always believed that a good product is open for integration and extension. This belief has led to an API first architecture that allows us to integrate easily with external systems, and touch points of data collection with minimum effort. Furthermore, we allow our customers to take their data back to their systems as needed via powerful data exports and event streaming pipelines built on top of an open-source distributed event streaming platform.

### Innovations

We have continuously invested in innovating new technologies using AI and ML to study consumer behaviour in both offline stores, and online assets. These allow us to predict consumer behaviour with high degree of accuracy for various business verticals, and design powerful, and capable loyalty programs. Our loyalty product has been developed over the years to cater all the potential use-cases for the verticals we operate in. These innovations have resulted in several patents that we have filed over the years.

## HUMAN RESOURCES

As of October 31, 2021, we had 402 full-time employees. The following table sets forth a breakdown of our employees by function as of October 31, 2021:

Function	Number of Employees
Customer Success and Professional Services	150
Technology and Product	183
Sales and Marketing	42
Support and Corporate	27
<b>Total</b>	<b>402</b>

We also engage with a number of consultants on a contractual basis and as of October 31, 2021, we had 157 such consultants.

We focus on attracting, developing and retaining personnel with varied expertise including business, technical and sales and marketing backgrounds, across various experience levels. Our hiring practice includes technical interviews, aptitude assessments, and managerial interview rounds. We conduct thorough background verifications of candidates through third party vendors to verify details regarding previous employment, education, and identity checks. We provide learning and development programs for our people to prepare them for their roles and facilitate internal career mobility aiming at creating a high-performing workforce.



As part of the employee benefits initiative, we provide term insurance and life insurance to all our employees. We also provide medical insurance to our employees including their families. We also offer a 24x7 health helpline for our employees and Employee Assistance Programmes which provide the requisite technical, psychological and operational support for our employees. Our maternity and paternity programs include 182 days leaves for mothers and 15 days leaves for fathers to care for their child. To incentivize our employees we have also introduced a number of employee stock option plans. For further information, see “*Capital Structure – Employee Stock Option Scheme*” on page 98.

In response to the COVID-19 pandemic, we implemented operational changes with the primary objective to provide safety to our employees, as well as the communities in which we operate, and to comply with government regulations. We have adopted a distributed workforce model, including for some employees, a long-term, full-time work from home arrangement, while implementing additional safety measures for employees and contractors continuing essential and critical on-site work.

## **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

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

## **INSURANCE**

We have obtained a number of insurance policies in connection with our operations including an errors and omission and cyber insurance for our information technology, general insurance covering fire (material damage), burglary and housebreaking, and electronic equipment (including portable electronic equipment), group medical insurance, group personal accident, and group term life insurance. However, our insurance policies may not be able to cover all of our losses and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See “*Risk Factors – An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.*” on page 51.

## **PROPERTIES**

Our Registered and Corporate Office is located at #36/5, 2nd floor, Somasandra Palya, adjacent 27th Main Road, Sector 2, HSR Layout, Bengaluru 560 102, Karnataka, India on a leasehold basis. In addition, as of October 31, 2021, presently we have globally eight offices, with one office each in Dubai, China, Indonesia, Malaysia, Singapore and two offices in the USA, all of which have been taken on lease from third parties and the term of lease for these premises typically varies from six months to one year.

## KEY REGULATIONS AND POLICIES IN INDIA

*The following is an indicative summary of certain relevant laws and regulations in India which are applicable to the business and operations of our Company. The information available in this section has been obtained from publications available in public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and is neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.*

### Industry specific legislations

#### **Information Technology Act, 2000 and the rules made thereunder (“IT Act”)**

The IT Act has been enacted with the intention of providing legal recognition to transactions that are undertaken electronically. The IT Act facilitates electronic commerce by recognizing contracts concluded through electronic means, protects intermediaries in respect of third party information made available to or hosted by them and creates liability for failure to protect sensitive personal data. The IT Act has created a mechanism for authenticating electronic documentation by means of digital signatures, and provides for civil and criminal liability including fines and imprisonment for various offences. By means of an amendment in 2008, the IT Act legalized the validity of contracts formed through electronic means. The IT Act prescribes various offences, including those offences relating to unauthorized access of computer systems, unauthorized disclosure of confidential information and frauds emanating from computer applications.

The Information Technology Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data. In exercise of this power, the Department of Information Technology, Ministry of Electronics and Information Technology, Government of India (“DoIT”), on April 11, 2011, notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (“**Reasonable Security Practices Rules**”) which prescribe directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The Reasonable Security Practices Rules require every such body corporate to provide a privacy policy to be published on its website; containing managerial, technical, operational and physical security control measures commensurate with the information assets being protected based on the nature of business, for handling and dealing with personal information, including sensitive personal data and ensuring security of all personal data collected by it. The Reasonable Security Practices Rules define sensitive personal data or information to include passwords, financial information such as a bank account, credit card and payment instrument details, medical records and any detail relating to the aforementioned categories as provided to a body corporate for providing services and/or stored or processed by the body corporate under lawful contract or otherwise, however, any information that is freely available or accessible in public domain or furnished under law is not regarded as sensitive personal data or information under these rules. In the alternative, Reasonable Security Practices Rules are deemed to be complied with if the requirements of the international standard “IS/ISO/IEC 27001” on “Information Technology– Security Techniques– Information Security Management System– Requirements” are complied with including any codes of best practices for data protection of sensitive personal data or information approved by the Government of India and formulated by any industry association of whose membership such body corporate holds.

The Reasonable Security Practices Rules further require that all such personal data be used solely for the purposes for which it was collected and any third party disclosure of such data is made with the prior consent of the information provider, unless contractually agreed upon between them or where such disclosure is mandated by law.

The DoIT has also notified the Information Technology (Intermediaries Guidelines and Digital Media Ethics Code) Rules, 2021 (“**IT Intermediaries Rules**”) requiring intermediaries receiving, storing, transmitting, or providing any service with respect to electronic messages to not knowingly host, publish, transmit, select or modify any information prohibited under the IT Intermediaries Rules, to disable hosting, publishing, transmission, selection or modification of such information once they become aware of it, as well as specifying the due diligence to be observed by intermediaries. The IT Intermediary Rules also make it mandatory for an intermediary to publish its privacy policy, rules, and regulations on its website, and establish a grievance redressal mechanism.

### ***Personal Data Protection Bill, 2019 (“PDP Bill”)***

The PDP Bill, which proposes to supersede the Information Technology Act, 2000 deals with the provisions relating to compensation payable by companies for failure to protect personal data. The PDP Bill also establishes a ‘Data Protection Authority of India’, which shall have power to make regulations, to ensure compliance with the regulations and the PDP Bill and to impose penalty for non-compliance with the regulations and the PDP Bill. The PDP Bill seeks to protect, among others kinds of data, the ‘Personal Data’ of individuals. Personal data includes data about or relating to a natural person who is directly or indirectly identifiable, having regard to any characteristic, trait, attribute or any other feature of the identity of such natural person, whether online or offline, or any combination of such features with any other information, and shall include any inference drawn from such data for the purpose of profiling. However, there are certain exceptions to protection offered under the PDP Bill, such as, acts done in the interest of security of state, public order, sovereignty and integrity of India and friendly relations with foreign states, and acts done for preventing incitement to or commission of any cognisable offence relating to the above matters. Processing of personal data is also exempted from provisions of the PDP Bill under certain conditions, as long as such processing is for a specific, clear and lawful purpose, including an act undertaken for prevention, investigation, or prosecution of any offence, or personal, domestic, or journalistic purposes. As on date, the Parliament has tabled the report submitted by the Joint Committee of Parliament (“**the JCP**”). The JCP has, in its report, suggested that provisions relating to regulation of non-personal data also be covered within the ambit of the PDP Bill and that the PDP Bill be renamed as the “Data Protection Bill”. The Parliament has begun its consideration of these recommendations, and the legislation is yet to take effect.

### **Shops and establishments legislations**

The various State shops and establishments legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. All industries have to be registered under the shops and establishments legislations of the state where they are located. There are penalties prescribed in the form of monetary fine or imprisonment for violation of the legislations.

### **Intellectual property legislations**

The Copyright Act, 1957 (“**Copyright Act**”) and the Copyright Rules, 2013, issued under the Copyright Act, (“**Copyright Rules**”), protect literary, dramatic works, musical and artistic works including photographs and audio visual works (cinematograph films and video). Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection and the owner of such software becomes entitled to protect his works against unauthorised use and misappropriation of the copyrighted work or a substantial part thereof. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations.

The Trade Marks Act, 1999 (“**Trade Marks Act**”) provides for application and registration of trademarks in India. It also provides for exclusive rights to marks such as brand, label, and heading; and to obtain relief in case of infringement for commercial purposes as a trade description. Under the provisions of the Trade Marks Act, an application for trademark registration may be made with the Trade Marks Registry by any person or persons claiming to be the proprietor of a trade mark, whether individually or as joint applicants, and can be made on the basis of either actual use or intention to use a trademark in the future. Further, pursuant to the notification of the Trade Marks (Amendment) Act, 2010, simultaneous protection of trademark in India and other countries has been made available to owners of Indian and foreign trademarks.

The Patents Act, 1970 (“**Patents Act**”) recognises both product and process patents and prescribes eligibility criteria for grant of patents, including the requirement that an invention be novel, non-obvious and capable of industrial application in order for it to avail patent protection. Application by an Indian resident to any foreign authority in respect of an invention made outside India is prohibited without first making an application for the invention in India. While the Patents Act prohibits patentability of a ‘computer programme’ as such, computer programmes in combination with a novel hardware are patentable. Computer programs on their own are excluded from patent protection and are protected as a literary work under the Copyright Act.

## Labour welfare legislations

The various labour and employment related legislations that may apply to our operations, from the perspective of protecting the workers' rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would include the following:

- (a) Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (b) Employees' State Insurance Act, 1948
- (c) Minimum Wages Act, 1948
- (d) Payment of Bonus Act, 1965
- (e) Payment of Gratuity Act, 1972
- (f) Payment of Wages Act, 1936
- (g) Maternity Benefit Act, 1961
- (h) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (i) Employees' Compensation Act, 1923
- (j) The Code on Wages, 2019<sup>(1)</sup>
- (k) The Occupational Safety, Health and Working Conditions Code, 2020<sup>(2)</sup>
- (l) The Industrial Relations Code, 2020<sup>(3)</sup>
- (m) The Code on Social Security, 2020<sup>(4)</sup>

<sup>(1)</sup> The GoI enacted 'The Code on Wages, 2019' which received the assent of the President of India on August 8, 2019. Through its notification dated December 18, 2020, the GoI brought into force Sections 42(1), 42(2), 42(3), 42(10), 42(11), 67(ii)(s), 67(ii)(t) (to the extent that they relate to the Central Advisory Board) and Section 69 (to the extent that it relates to Sections 7, 9 (to the extent that they relate to the GoI) and Section 8 of the Minimum Wages Act, 1986)) of the Code on Wages, 2019. The remaining provisions of this code will be brought into force on a date to be notified by the GoI. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

<sup>(2)</sup> The GoI enacted 'The Occupational Safety, Health and Working Conditions Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the GoI. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

<sup>(3)</sup> The GoI enacted 'The Industrial Relations Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the GoI. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.

<sup>(4)</sup> The GoI enacted 'The Code on Social Security, 2020' which received the assent of the President of India on September 28, 2020. While Section 142 has been brought into force on May 3, 2021, the rest of the provisions of this code will be brought into force on a date to be notified by the GoI. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on March 15, 2012 as a private limited company under the Companies Act 1956, with the name “*Kharagpur Technologies Private Limited*”, pursuant to a certificate of incorporation granted by the RoC. The name of our Company was subsequently changed to “*Capillary Technologies India Private Limited*” pursuant to a special resolution passed by our Shareholders at the EGM held on June 15, 2012, and a fresh certificate of incorporation was issued by the RoC on July 26, 2012. Upon the conversion of our Company to a public limited company, pursuant to a special resolution passed by our Shareholders on November 9, 2021, the name of our Company was changed to “*Capillary Technologies India Limited*” and the RoC issued a fresh certificate of incorporation on November 23, 2021.

### Changes in the Registered and Corporate Office

Details of changes in the Registered and Corporate Office of our Company since the date of incorporation are as set forth below:

Effective date	Details of change	Reasons for change
August 31, 2021	The registered and corporate office of our Company was changed from Srinidhi, #43/61, 1 <sup>st</sup> floor, Surveyors' Street, Basavanagudi, Bengaluru 560 004, Karnataka, India to #36/5, 2 <sup>nd</sup> floor, Somasandra Palya, adjacent 27 <sup>th</sup> Main Road, Sector 2, HSR Layout, Bengaluru 560 102, Karnataka, India	To ensure greater operational efficiency and to meet business requirements

### Main objects of our Company

The main objects as contained in our MoA are:

1. *“To set up, manage research, develop and maintain Software Technology Park (STP), websites, internet gateways, software development centres, multimedia, animation centres, portals to have multiple setups, information centres and consultancy to do the business of Internet Service Provider (ISP), ERP / CRM in India or abroad and also provide clients with complete internet web based solutions, to develop components of Ecommerce solution or application for E-business. To provide and develop M-commerce related activities within India or outside India. To provide services in respect of advertising, marketing and delivery of goods, customer relationship management products and services, loyalty programs, franchising, licensing, services and information through web technology and for transmitting and transferring of data, information, selling data bases and other related activities.*
2. *To carry on Business Process Outsourcing (BPO) including scanning and digitization of data and Information Technology Enable Services (ITES) in the field of graphics, web designing, finance and accounting, computing, human resources, customer relationship management, content management, procurement outsourcing, retail services, education and training and all other activities carried on by BPO in the field of information technology and to set up and organize call centres providing data processing /computing facilities, training & consultancy services and all types of work & services offered by call centres to industries, trade, business & other types of customers.*
3. *To carry on business in India and elsewhere as Exporters, Importers, Buyers, Sellers and Dealers in Electronic Systems, Information Technology including Consultancy Computer Hardware, Telecom hardware, Software development, infotech Services, Enterprise Solutions, Outsourcing, Facility Management, E-commerce, Entertainment, Education and Training. To provide telemarketing and customer related and all other services related thereto.”*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

### Amendments to our Memorandum of Association

Set out below are the amendments to the Memorandum of Association of our Company in the last 10 years:

Date of Shareholders' resolution	Details of amendment
May 4, 2012	Clause V of the Memorandum of Association was altered to reflect the increase in authorized share capital of our Company from ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 each to ₹ 19,000,000 divided into 1,900,000 equity shares of ₹ 10 each

Date of Shareholders' resolution	Details of amendment
June 15, 2012	Clause I of the Memorandum of Association was altered to reflect the change in name of our Company from "Kharagpur Technologies Private Limited" to "Capillary Technologies India Private Limited"
March 27, 2015	Clause V of the Memorandum of Association was altered to reflect the increase in authorized share capital of our Company from ₹ 19,000,000 divided into 1,900,000 equity shares of ₹ 10 each to ₹ 25,000,000 divided into 2,500,000 equity shares of ₹ 10 each
August 19, 2021	Clause V of the Memorandum of Association was altered to reflect the increase in authorized share capital of our Company from ₹ 25,000,000 divided into 2,500,000 equity shares of ₹ 10 each to ₹ 110,000,000 divided into 11,000,000 equity shares of ₹ 10 each
September 29 2021	Clause V of the Memorandum of Association was altered to reflect the increase in authorized share capital of our Company from ₹ 110,000,000 divided into 11,000,000 equity shares of ₹ 10 each to ₹ 111,000,000 divided into 11,000,000 equity shares of ₹ 10 each and 100,000 preference shares of ₹ 10 each
October 14, 2021	Clause I of the Memorandum of Association was altered to reflect the change in name of our Company from "Capillary Technologies India Private Limited" to "Capillary Technologies India Limited"
October 14, 2021	Clause III (C) with the title " <i>The other objects not included in (A) and (B) above</i> " was merged with Clause III(B) with the title " <i>The objects incidental or ancillary to the attainment of the main objects</i> " and the title of Clause III(B) was changed to " <i>Matters which are necessary for furtherance of the objects specified in clause III (A)</i> ". Further, in clause IV, after the words " <i>The liability of the members is limited</i> ", the words " <i>and this liability is limited to amount unpaid if any, on the shares held by them</i> " was added
November 17, 2021	Clause V of the Memorandum of Association was altered to reflect the sub-division and reclassification of authorized share capital of our Company from ₹ 111,000,000 divided into 11,000,000 equity shares of ₹ 10 each and 100,000 preference shares of ₹ 10 each into 55,000,000 Equity Shares of ₹ 2 each and 100,000 preference shares of ₹ 10 each
November 24, 2021	Clause V of the Memorandum of Association was altered to reflect the increase in authorized share capital of our Company from ₹ 111,000,000 divided into 55,000,000 equity shares of ₹ 2 each and 100,000 preference shares of ₹ 10 each to ₹ 151,000,000 divided into 75,000,000 equity shares of ₹ 2 each and 100,000 preference shares of ₹ 10 each

## Major events and milestones

The table below sets forth some of the major events and milestones:

Calendar Year	Events
2012	Our Company launched Loyalty+ platform based product
2012	Qualcomm Asia Pacific Pte. Ltd., Norwest Venture Partners VII-A-Mauritius and Sequoia Capital India III Ltd invested in CTIPL, our Promoter
2012	Our Company launched Engage+ platform based product
2013	Our Promoter, CTIPL, expanded its operations in Dubai through Capillary Dubai which was acquired by us <sup>(1)</sup>
2015	Our Promoter entered China market through Capillary Shanghai which was acquired by us <sup>(1)</sup>
2015	Swanland Investment Ltd., an affiliate of Warburg Pincus, invested in our Promoter, CTIPL
2015	Our Promoter, CTIPL, acquired Reasoning Global Eapplications Private Limited and its product Martjack
2017	Our Promoter, CTIPL, made an investment in SellerWorx Online Services Private Limited, an e-commerce services and technology company which was integrated with our business
2017	Our Company rebranded Martjack as Anywhere Commerce + Platform based product and re-launched it
2017	Our Promoter, CTIPL, entered Malaysia market through Capillary Malaysia which was acquired by us <sup>(1)</sup>
2018	Our Promoter, CTIPL, entered Indonesia market through Capillary Indonesia which was acquired by us <sup>(1)</sup>
2021	Our Company through our Material Subsidiary, CPL, acquired PHI and PLC, thus entering the US Market <sup>(1)</sup>

(1) See, "Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years" below.

## Key awards, accreditations and recognition

Set forth below are some of the key awards, accreditations and recognition received:

Calendar Year	Awards and accreditations
2017	<ul style="list-style-type: none"><li>• Our Promoter, CTIPL was awarded the “<i>Best Use of Direct Marketing</i>” and “<i>Best Use of Consumer Insights/ Data Analytics</i>” awards for services rendered to our client, Courts Malaysia, at the Loyalty &amp; Engagement Awards, 2017</li></ul>
2018	<ul style="list-style-type: none"><li>• Our Promoter, CTIPL was awarded the “<i>Excellence in Data Driven Marketing</i>” award by Marketing Magazine at the Marketing Excellence Awards, Singapore, 2018</li></ul>
2019	<ul style="list-style-type: none"><li>• Our Company was awarded the “<i>APN Innovation Partner of the Year- APAC &amp; India</i>” by AWS Partner Network</li><li>• Our Company was awarded the “<i>Indian Intelligent Retail Technology Innovation Award</i>” by Frost &amp; Sullivan at the Best Practices Awards, 2019</li></ul>
2020	<ul style="list-style-type: none"><li>• Our Company was awarded the “<i>Best Use of Technology in a Loyalty Program</i>” at the Customer Fest Leadership Awards, 2020 for its product, Corteva</li><li>• Our Subsidiary, Capillary Malaysia, was awarded under the category of “<i>Mobile-Retail Technology</i>” at the Malaysia Technology Excellence Awards, 2020</li></ul>
2021	<ul style="list-style-type: none"><li>• Our Company was awarded the “<i>Best Retail Technology Solution of the Year</i>” at the 6<sup>th</sup> Future of Work ISV Summit and Awards, 2021</li></ul>

## Significant financial or strategic partnerships

Our Company does not have any significant financial or strategic partners as on the date of this Draft Red Herring Prospectus.

## Launch of key products or services, entry in new geographies or exit from existing markets

For details of key services launched by our Company and entry into new geographies or exit from existing markets, see “*Our Business*” on page 174.

## Time/cost overrun in setting up projects

We have not experienced any time or cost overrun in setting up our projects as on the date of this Draft Red Herring Prospectus.

## Details of guarantees given to third parties by our Promoter Selling Shareholder

Except as disclosed in “*Our Promoter and Promoter Group – Material Guarantees given by our Promoter*” on page 242, our Promoter Selling Shareholder has not given any guarantees to third parties on behalf of our Company.

## Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

Our Company had a term loan facility sanctioned from Innoven Capital India Private Limited dated November 24, 2017, principal amount of which was outstanding to the extent of ₹ 7.50 million as of April 1, 2020. The facility was restructured on account of the Covid-19 nationwide lockdown imposed by the Government of India, wherein a moratorium of two months (April 1, 2020 to May 31, 2020) was granted by the lender.

Further, as at March 31, 2021, our Company defaulted in payment of interest on its bank overdraft facility with RBL Bank Limited of ₹0.61 million. As at June 30, 2021, our Company defaulted in payment of interest on its bank overdraft facility with RBL Bank Limited of ₹ 0.86 million. These defaults pertain to delay in payment of interest on the bank overdraft facility with RBL Bank Limited as at March 31, 2021 and June 30, 2021, both of which were subsequently remitted.

Except as stated above, as on the date of this Draft Red Herring Prospectus, there have been no defaults or rescheduling of borrowings with financial institutions or banks in respect of our current borrowings from lenders.

**Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years**

***Subscription Agreement between Capillary Technologies India Limited and CPL dated August 30, 2021 (“the Subscription Agreement”)***

Our Company entered into a Subscription Agreement with CPL, wherein CPL agreed to issue, and our Company agreed to subscribe to 1,385,135,135 shares, free from all encumbrances and as fully paid in respect of USD 0.0074 for each share, amounting to 99.99% of the issued, subscribed and paid-up share capital of CPL.

***Business and loan transfer agreement dated November 1, 2021, entered into between Capillary Technologies International Pte. Ltd and Capillary Pte. Ltd. (the “BTA”)***

Our Subsidiary, CPL, entered into a business and loan transfer agreement with our Promoter, CTIPL, on November 1, 2021. Under the BTA, CPL purchased the ‘business’, ‘business assets’ and ‘business liabilities’ of CTIPL up to and including the closing date of November 1, 2021. ‘Business’, ‘business assets’ and ‘business liabilities’ under the BTA include guarantees, intellectual property rights, insurance policies, employees, claims, tax benefits etc., alongwith encumbrances, if any, over such assets. Thereafter, on December 21, 2021, CTIPL and CPL entered into an Amendment Agreement for amending the scope of “business assets” and “business liabilities” as mentioned in schedule 1 of the BTA. Under the BTA, CPL has assumed liabilities in relation to business of CTIPL arising both before as well as after November 1, 2021. In addition, CPL has indemnified CTIPL for any tax arising out of the transfer of the business.

CPL and CTIPL also agreed on a novation of the loan amounting to USD three million from Innoven Capital Singapore Pte. Ltd. to CTIPL as borrower under that loan to CPL with effect from November 1, 2021. Accordingly, CPL is now obliged to repay the loan and meet other obligations under the loan arising both prior as well as after November 1, 2021. CPL’s subsidiaries, Capillary Dubai, Capillary Malaysia, Capillary Shanghai, and a member of our Promoter Group, Capillary Technologies Inc., and CTIPL have entered into a deed of guarantee in relation to CPL’s performance of its obligations under the loan. For details, see “ - *Details of Guarantees given by our Subsidiaries*” below and see “*Our Promoter and Promoter Group - Material Guarantees given by our Promoter*” on page 242.

***Deed of assignment dated November 20, 2021 entered into between CTIPL and CPL (the “Assignment Deed”)***

Pursuant to the Business Transfer, our Promoter, CTIPL entered into a deed of assignment with our Subsidiary, CPL, wherein CTIPL has assigned, assured, and transferred, unto CPL, absolutely, irrevocably and in perpetuity with full title guarantee, all rights, title, interests and benefits (whether vested, contingent or future) of CTIPL in Singapore and throughout the world, in its registered and unregistered trademarks and patents intellectual property. For details of our intellectual properties, see “*Government and Other Approvals – Intellectual Properties of our Material Subsidiaries*” on page 706.

***Deed of gift dated November 22, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd (the “Gift Deed Malaysia”)***

Our Subsidiary, CPL, entered into a gift deed with our Promoter, CTIPL, pursuant to which, CTIPL has agreed to transfer to CPL, as a gift and for no consideration, the entire share capital of its subsidiary, Capillary Technologies (Malaysia) Sdn. Bhd., free of all encumbrances, such that CPL shall become their full legal and beneficial owner, including all rights, titles, interests and benefits.

***Deed of gift dated November 30, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd (the “Gift Deed Dubai”)***

Our Subsidiary, CPL, entered into a gift deed with our Promoter, CTIPL, pursuant to which, CTIPL has agreed to transfer to CPL, as a gift and for no consideration, the entire share capital of its subsidiary, Capillary Technologies DMCC, free of all encumbrances, such that CPL shall become their full legal and beneficial owner, including all rights, titles, interests and benefits.

***Deed of gift dated November 30, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd (the “Gift Deed Indonesia”)***

Our Subsidiary, CPL, entered into a gift deed with our Promoter, CTIPL, pursuant to which, CTIPL has agreed to transfer to CPL, as a gift and for no consideration, the entire share capital of its subsidiary, PT Capillary



Technologies Indonesia, free of all encumbrances, such that CPL shall become their full legal and beneficial owner, including all rights, titles, interests and benefits.

***Deed of gift dated November 30, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd (the “Gift Deed China”)***

Our Subsidiary, CPL, entered into a gift deed with our Promoter, CTIPL, pursuant to which, CTIPL has agreed to transfer to CPL, as a gift and for no consideration, the entire share capital of its subsidiary, Capillary Shanghai, free of all encumbrances, such that CPL shall become their full legal and beneficial owner, including all rights, titles, interests and benefits.

***Acquisition agreement dated September 1, 2021, entered into between Persuade Loyalty, LLC, Persuade Holdings, Inc. (collectively, the “Sellers”), CTIPL, Capillary Pte. Ltd. & Ors. (“Acquisition Agreement”)***

Pursuant to the Acquisition Agreement, our Subsidiary, CPL has agreed to purchase and acquire, and the Sellers have agreed to sell, transfer and assign their membership interests to CPL and its nominee, James Vincent Sturm. Further, the Acquisition Agreement stipulates that at closing, CTIPL, the parent company of CPL, shall effect the merger of Persuade Holdings, Inc. and Vessels Merger Sub, Inc., with Persuade Holdings, Inc. being the surviving entity post the merger. The consideration, payable for both the acquisition as well as the merger, is subject to a maximum amount of USD 30 million payable in multiple tranches payable in calendar year 2021 (including a cash consideration payable at the closing date and by December 31, 2021) and calendar year 2023 respectively in terms of the Acquisition Agreement.

**Other Material Agreements**

*Details of shareholders’ agreements*

As on the date of this Draft Red Herring Prospectus, there are no subsisting shareholder’s agreements among our Shareholders vis-a-vis our Company, which our Company is aware of.

We confirm that except as disclosed in this Draft Red Herring Prospectus, there are no other inter-se agreements, or arrangements between Shareholders, deeds of assignment, acquisition agreements, shareholders’ agreements or agreements of like nature, or agreements comprising material covenants that are required to be disclosed in this Draft Red Herring Prospectus or containing covenants that are prejudicial to the interests of minority/public shareholders.

*Details of Guarantees given by our Subsidiaries*

Our Subsidiaries, Capillary Dubai, Capillary Shanghai, Capillary Malaysia, Capillary Technologies, Inc. (an entity forming part of our Promoter Group) (collectively, the “*Guarantors*”) have undertaken an unconditional, irrevocable, joint, several and continuing corporate guarantee in favour of Innoven Capital Singapore Pte. Ltd. in respect of a facility of USD 3.00 million availed by our Promoter, CTIPL, transferred to CPL pursuant to the Business Transfer Agreement. Under the guarantee, each Guarantor has undertaken to pay immediately on demand, any amount not paid by borrower under the facility, as if it were the principal borrower. The guarantee extends until the ultimate balance of sums is payable by CTIPL under the facility.

**Agreements with Key Managerial Personnel, Directors, Promoter or any other employee**

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Directors or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

**Holding Company**

As on the date of this Draft Red Herring Prospectus, our holding company is CTIPL which holds 49,040,407 Equity Shares together with its nominee, representing 98.06% of the issued, subscribed and paid-up Equity Share capital of our Company. For details, see “*Capital Structure – History of the share capital of our Promoter*” on page 92.

## Subsidiaries of our Company

As on the date of this Draft Red Herring Prospectus, our Company has seven Subsidiaries, direct and indirect, details of which are provided below.

### 1. *Capillary Pte. Ltd. (“CPL”)*

#### *Corporate Information*

CPL was incorporated on July 21, 2021 under the laws of the Singapore. CPL’s company registration number is 202125294W. CPL has its registered office at 68 Circular Road, #02-01, Singapore 049422. The principal business of CPL. is, amongst others, providing software licensing, services and solutions to businesses.

#### *Capital structure*

The following table sets forth details of the share capital of CPL as on date of this Draft Red Herring Prospectus:

Issued, subscribed and paid up share capital	Aggregate Nominal Value (in USD)
1,385,135,135 ordinary shares of face value of USD 0.0074 each	10,250,000

Our Company holds 1,385,135,135 ordinary shares of CPL aggregating to 100% of the issued, subscribed and paid-up capital of CPL.

#### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of CPL not accounted for by our Company.

### 2. *Capillary Technologies (Malaysia) Sdn. Bhd. (“Capillary Malaysia”)*

#### *Corporate Information*

Capillary Malaysia was incorporated on July 21, 2017 under the Companies Act 1956, in accordance with Malaysian laws. Capillary Malaysia’s company registration number is 201701025567 (1239733-D). Capillary Malaysia has its registered office at Unit D-3A-4, Level 4, Block D, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan and the principle place of business is located at No. A-31-5, Menara UOA Bangsar, No.5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur. Capillary Malaysia is primarily engaged in the business of, among others, providing development of software, data analytical services and programming activities and undertaking all such activities as are necessary for such business.

#### *Capital structure*

Issued, subscribed and paid up share capital	Aggregate nominal value per share (in MYR)
500,100 shares of face value MYR 1 each	1

Our Company holds 500,100 shares of Capillary Malaysia, aggregating to 100% of the issued, subscribed and paid-up capital of Capillary Malaysia, through our Subsidiary, Capillary Pte. Ltd.

#### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of Capillary Malaysia not accounted for by our Company.

### 3. *Capillary Technologies DMCC (“Capillary Dubai”)*

#### *Corporate Information*

Capillary Dubai was incorporated on March 19, 2013 under the laws of Dubai Multi Commodities Centre under service license no. 68482. It is registered with FTA with TRN 100300127600003 with effect from January 1, 2018. Capillary Dubai’s company registration number is JLT-68482. Capillary Dubai has its registered office at Unit No: RET-R6-148, Detached Retail R6, Plot No: JLT-PH2-RET-R6, Jumeirah Lakes Towers, Dubai, United Arab Emirates. Capillary Dubai is primarily engaged in providing information consultancy services and development of software and programming activities and undertaking all such activities as are necessary for such business.

### *Capital structure*

The issued, subscribed and paid up share capital of Capillary Dubai is AED 50,000 divided into 50 shares of AED 1000 each. The following table sets forth details of the share capital of Capillary Dubai as on date of this Draft Red Herring Prospectus:

<b>Authorised share capital</b>	<b>Aggregate Nominal Value (in AED)</b>
50,000	50,000
<b>Issued, subscribed and paid up share capital (ordinary shares of face value AED 1,000 each)</b>	
50 shares	50,000

Our Company holds 50 shares of Capillary Dubai aggregating to 100% of the issued, subscribed and paid-up capital of Capillary Dubai, through our Subsidiary, Capillary Pte. Ltd.

### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of Capillary Dubai not accounted for by our Company.

## **4. PT Capillary Technologies Indonesia (“Capillary Indonesia”)**

### *Corporate Information*

Capillary Indonesia was incorporated on June 4, 2018 based on the Notarial Deed No. 01 of Dita Okta Sesia, S.H., M.Kn. Capillary Indonesia’s articles of association were approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decree No. AHU-0079307.AH.01.11.TAHUN 2018 dated June 7, 2018. The business identification number of Capillary Indonesia is 8120000791117. Capillary Indonesia’s articles of association have been amended. The latest amendment is through Notarial Deed No. 263 dated December 10, 2021. Capillary Indonesia has its office at Gedung PSW Tower Lantai 2, Jalan Pangeran Antasari Nomor 75, Kel. Cilandak Barat, Kec. Cilandek, Kota Adm. Jakarta Selatan, Provinsi DKI, Jakarta, Indonesia. Capillary Indonesia is primarily engaged in the business of, among others, management consulting, with sub activities are providing advisory assistance, guidance and business operations and other organizational and management issues.

### *Capital structure*

The following table sets forth details of the share capital of Capillary Indonesia as on date of this Draft Red Herring Prospectus:

<b>Issued, subscribed and paid up share capital</b>	<b>Aggregate Nominal Value (in IDR)</b>
800,000 shares of face value IDR 14,000 each	11,200,000,000

Our Company holds 799,285 shares of Capillary Indonesia, through our Subsidiary, CPL, and 715 shares of Capillary Indonesia are held by CPL with our Company’s COO, Anant Choubey as the nominee that have been pledged to our Subsidiary CPL, thus aggregating to 100.00% of the issued, subscribed and paid-up share capital of Capillary Indonesia.

### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of Capillary Indonesia not accounted for by our Company.

## **5. Capillary Technologies (Shanghai) Co Ltd (“Capillary Shanghai”)**

### *Corporate Information*

Capillary Shanghai was incorporated on July 28, 2015 with an operating term of 20 years in China (Shanghai) free trade test area under the Companies Law of the People’s Republic of China. Its uniform social credit code is 91310000351056380R. The registered office of Capillary Shanghai is Room 543, Building 4, No 111, Ershan Road, China (Shanghai) pilot Free Trade Zone. It conducts its business at Room 102, Building B, No. 668, Hengfen Road, Jingan District, Shanghai 200 070. Capillary Shanghai is primarily engaged in the business of, among others, providing development of software, production, sales of products, and providing related technical consultation, technical service and undertaking all such activities as are necessary for such business.

### *Capital structure*

As of the date of this Draft Red Herring Prospectus, our Promoter, CTIPL, had invested USD 7.07 million in the capital of Capillary Shanghai aggregating to 100.00% of the capital of Capillary Shanghai. However, post the Business Transfer followed by Gift Deed China, the shares of Capillary Shanghai was transferred to our Material Subsidiary, CPL.

### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of Capillary Shanghai not accounted for by our Company.

## **6. Persuade Holdings, Inc. (“PHI”)**

### *Corporate Information*

PHI was incorporated as Persuade Holdings on July 18, 2013 under the laws of Minnesota, United States of America. PHI’s company registration number is 1250914900058. PHI has its registered office and the principal place of business at 222 North 2nd Street, Suite 200, Minneapolis 55401. PHI is primarily engaged in the business of providing loyalty technology and services. Subsequent to March 31, 2021, PHI has been converted from a limited liability company into an incorporation entity and subsequently its name has been changed to Persuade Holding Inc. Certificate of conversion has been issued on August 31, 2021.

### *Capital structure*

The following table sets forth details of the share capital of PHI as on date of this Draft Red Herring Prospectus:

Number of membership units
1,251,699 units

Our Company holds 1,251,699 units of PHI, through our Subsidiary, Capillary Pte. Ltd., aggregating to 100.00% of the issued, subscribed and paid-up share capital of PHI.

### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of PHI not accounted for by our Company.

## **7. Persuade Loyalty, LLC (“PLC”)**

### *Corporate Information*

PLC was incorporated as a Minnesota Limited Liability Company subject to the provisions of Chapter 302A, Minnesota Statutes on July 18, 2013, with the Minnesota Secretary of State, and received its certificate for commencement of business on July 19, 2013. PLC’s company registration number is 710149300022. It has its registered office and its principal place of business at 222 North 2nd Street, Suite 200, Minneapolis MN 55401. PLC is primarily engaged in the business of providing loyalty technology and services.

### *Capital structure*

The following table sets forth details of the unit capital of PLC as on date of this Draft Red Herring Prospectus:

Number of membership units
2,424,694 units

Our Company holds 2,424,694 units of PLC, through our Subsidiary, Capillary Pte. Ltd., (one unit is held by James Vincent Sturm in the capacity as a nominee unitholder, on behalf of Capillary Pte. Ltd. who is the beneficial owner of the unit) aggregating to 100.00% of the unit capital of PLC.

### *Amount of accumulated profits or losses*

There are no accumulated profits or losses of Persuade Loyalty, LLC not accounted for by our Company.

**Joint ventures and associates of our Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures or associates.

**Confirmations**

As on the date of this Draft Red Herring Prospectus, none of the Subsidiaries are listed in India or abroad.

As on the date of this Draft Red Herring Prospectus, except as disclosed in “***Other Financial Information – Related Party Transactions***”, the Subsidiaries do not have any: (i) business interest in our Company; or (ii) related business transactions with our Company or each other.

## OUR MANAGEMENT

Under our Articles of Association, our Company is authorised to have up to 15 Directors. As on the date of this Draft Red Herring Prospectus, we have seven Directors on our Board, comprising two Executive Directors and five Independent Directors, including two women Directors. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act and the SEBI Listing Regulations.

### Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, Designation, Address, Occupation, Date of birth, Term, Period of Directorship and DIN	Age (in years)	Other Directorships
<b>Neelam Dhawan</b>  <i>Designation:</i> Chairperson and Independent Director  <i>Address:</i> C3/10 DLF City Phase 1, Gurgaon 122 002 Haryana, India  <i>Occupation:</i> Retired  <i>Date of birth:</i> October 22, 1959  <i>Term:</i> Three years with effect from December 10, 2021  <i>Period of Directorship:</i> Since December 2021  <i>DIN:</i> 00871445	62	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>• ICICI Bank Limited</li> <li>• Yatra Online Limited</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>• Capita PLC, UK</li> <li>• Royal Philips, Netherlands</li> <li>• Skylo Technologies Inc., USA</li> <li>• Yatra Online Inc., USA</li> </ul>
<b>Aneesh Reddy Boddu</b>  <i>Designation:</i> Executive Director and CEO  <i>Address:</i> 80 RBD Stillwaters situated at Silver County RD, Besides Harlur Lake, Bengaluru 560 102 Karnataka, India  <i>Occupation:</i> Employment  <i>Date of birth:</i> October 4, 1984  <i>Term:</i> Three years with effect from November 24, 2021 and liable to retire by rotation  <i>Period of Directorship:</i> Since September 2013  <i>DIN:</i> 02214511	37	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>• Reasoning Global Eapplications Private Limited</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>• Capillary Technologies Inc.</li> <li>• Capillary Technologies (Malaysia) Sdn. Bhd.</li> <li>• Capillary Technologies (Shanghai) Co Ltd</li> <li>• Capillary Pte. Ltd.</li> <li>• PT Capillary Technologies Indonesia</li> </ul>
<b>Anant Choubey</b>  <i>Designation:</i> Executive Director and COO  <i>Address:</i> 149/7 Street 1, Maitri Kunj, Bhilai 490 006 Chattisgarh, India  <i>Occupation:</i> Employment  <i>Date of birth:</i> July 1, 1986  <i>Term:</i> Three years with effect from November 24, 2021 and liable to retire by rotation  <i>Period of Directorship:</i> Since January 2020  <i>DIN:</i> 06536413	35	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>• Reasoning Global Eapplications Private Limited</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>• Capillary Technologies Malaysia Sdn. Bhd.</li> <li>• Capillary Technologies (Shanghai) Co Ltd</li> <li>• PT Capillary Technologies Indonesia</li> </ul>

Name, Designation, Address, Occupation, Date of birth, Term, Period of Directorship and DIN	Age (in years)	Other Directorships
<b>Farid Lalji Kazani</b> <i>Designation:</i> Independent Director <i>Address:</i> 1101 Nook Apartment, S.V. Road, North Avenue, Santacruz (W), Andheri, Mumbai 400 054 Maharashtra, India <i>Occupation:</i> Service <i>Date of birth:</i> April 2, 1967 <i>Term:</i> Three years with effect from December 10, 2021 <i>Period of Directorship:</i> Since December 2021 <i>DIN:</i> 06914620	54	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul>
<b>Sameer Garde</b> <i>Designation:</i> Independent Director <i>Address:</i> Villa-405, Adarsh Palm Retreat, Outer Ring Road, Bellandur, Bangalore 560 103 Karnataka, India <i>Occupation:</i> Service <i>Date of birth:</i> October 9, 1966 <i>Term:</i> Three years with effect from December 10, 2021 <i>Period of Directorship:</i> Since December 2021 <i>DIN:</i> 02399137	55	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul>
<b>Venkat Ramana Tadanki</b> <i>Designation:</i> Independent Director <i>Address:</i> 18 Canyonwood, Irvine, CA, USA, 92620 <i>Occupation:</i> Business <i>Date of birth:</i> November 4, 1961 <i>Term:</i> Three years with effect from December 10, 2021 <i>Period of Directorship:</i> Since December 2021 <i>DIN:</i> 00149481	60	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul>
<b>Yamini Preethi Natti</b> <i>Designation:</i> Independent Director <i>Address:</i> A-803, Adarsh Crystal, 16 Cambridge Road, Halasuru, Bangalore 560 008, Karnataka, India <i>Occupation:</i> Software professional <i>Date of birth:</i> January 11, 1983 <i>Term:</i> Three years with effect from December 10, 2021	38	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>Vymo Technologies India Private Limited</li> <li>Vymo Solutions Private Limited</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>Vymo Inc.</li> </ul>

Name, Designation, Address, Occupation, Date of birth, Term, Period of Directorship and DIN	Age (in years)	Other Directorships
<i>Period of Directorship: Since December 2021</i>		
<i>DIN: 06533367</i>		

### Arrangement or understanding with major shareholders, customers, suppliers and/or others

None of our Directors have been appointed pursuant to any arrangement or understanding with our Shareholders, customers, suppliers or others.

### Brief profiles of our Directors

**Neelam Dhawan** is the Chairperson and an Independent Director of our Company. She holds a bachelor's degree in arts (economics) from the University of Delhi and a master's degree in business administration from the University of Delhi. She was previously associated with Hewlett-Packard Enterprise India Private Limited as Vice-President, Solutions Sales, and with HP India Sales Private Limited, Hewlett-Packard India Private Limited, Microsoft Corporation (India) Private Limited as their Managing Director. Currently she serves as an independent director on the boards of ICICI Bank Limited, Yatra Online Limited, Yatra Online Inc., USA, Royal Phillips, Netherlands and Capita PLC in the United Kingdom.

**Aneesh Reddy Boddu** is the founder, Executive Director and the Chief Executive Officer of our Company. He holds a bachelor's degree in manufacturing science and engineering from the Indian Institute of Technology, Kharagpur. At the Indian Institute of Technology, Kharagpur, he co-founded the Entrepreneurship Cell and was awarded the "Distinguished Alumnus Award" by the institute in 2017. In 2014, he was recognised by Fortune India magazine as one of the "40 under 40 - India's Brightest Young Business Minds" and in 2017, he was recognised by Economic Times under the "ET 40 under Forty" list. He was previously associated with ITC Limited.

**Anant Choubey** is the co-founder, Executive Director and the Chief Operating Officer of our Company. He has been a part of the Capillary Group since 2010. He holds a bachelor's degree in industrial engineering from the Indian Institute of Technology, Kharagpur. He was previously associated with Proctor & Gamble Home Products Private Limited, where in 2008 he was also awarded the "Special Appreciation Award" and was one of the youngest employees to receive recognition shares from the company.

**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 the "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 was recognised by 9.9 Media in the "CFO100 Roll of Honour" for the years 2013, 2015, 2016, 2017, 2018 and 2019 respectively. He is currently working as the Executive Vice-President of Course5 Intelligence Private Limited. He was previously associated with Majesco Limited in the capacity of a Managing Director, with RPG Enterprises Limited in the capacity of Vice-President (Corporate Finance), with BPL Mobile Communications Limited as their Head, Corporate Finance and with Firstsource Solutions Limited in the capacity of Chief Financial Officer (India).

**Sameer Garde** is an Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Delhi and a post-graduate diploma in management from the Indian Institute of Management, Calcutta. He was previously associated with Cisco Commerce India Private Limited as Vice-President, Theatre Leader, with Samsung India Electronic Private Limited in the capacity of Senior Vice-President, Enterprise Business, with Pepsi Foods Limited as General Manager, Marketing, with IQLECT Solutions Private Limited in the capacity of Head, Strategy Alliances and Partnerships, with Phillips India Limited in the capacity of Sector Market Leader, Healthcare and with Nestle India Limited, Hewlett-Packard Enterprise India Private Limited and Whirlpool of India Limited. Currently, he is the Chief Executive Officer-Artificial Intelligence Unit of the National Entrepreneurship Network.

**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, with Daksh.com E-Services Private Limited, and with Pepsico India Holdings Private Limited.



**Yamini Preethi Natti** is an Independent Director of our Company. She holds a bachelor's degree in computer science engineering from the Birla Institute of Technology and Science, Pilani and a post-graduate diploma in management from the Indian Institute of Management, Bangalore. She was previously associated with McKinsey & Company, Inc. She is the Co-founder and Chief Executive Officer of Vymo Inc.

#### **Relationship between Directors and Key Managerial Personnel**

None of our Directors are related to each other or to the Key Managerial Personnel of our Company.

#### **Terms of Appointment of our Executive Directors**

##### **Aneesh Reddy Boddu**

Aneesh Reddy Boddu has been a Director on our Board since February 21, 2013. Further, pursuant to a resolution of our Board and Shareholders resolutions dated November 20, 2021 and November 24, 2021 respectively, he was designated as an Executive Director and CEO of our Company.

Pursuant to his employment agreement dated November 24, 2021, and the resolutions passed by our Board on November 20, 2021, and our shareholders on November 24, 2021, the remuneration payable to Aneesh Reddy Boddu was revised effective November 24, 2021 as follows:

- a) **Guaranteed Salary:** In the scale of ₹ 8.93 million per annum to ₹ 13.00 million per annum with such annual increments as may be decided by our Board/Nomination and Remuneration Committee effective April 1<sup>st</sup> each year;
- b) **Variable Bonus:** In the scale of ₹ 4.99 million per annum to ₹ 7.01 million per annum with such annual increments as may be approved by our Board/Nomination and Remuneration Committee effective April 1<sup>st</sup> each year;
- c) **Perquisites and Allowances:** In addition to Guaranteed Salary and Variable Bonus, Aneesh Reddy Boddu is also entitled to other statutory benefits in compliance with the applicable laws such as provident fund contribution, gratuity, leave encashment, medical insurance for self and family members and such other benefits, amenities, facilities, allowances, and perquisites as per our Company's policies or as may be decided by our Board.
- d) **Reimbursement of Expenses:** Reimbursement of travel expenses incurred for official purposes of our Company, as per rules of our Company, reimbursement of expenditure incurred on telephone calls and internet at his residence at actuals as per the rules of our Company.

##### **Anant Choubey**

Anant Choubey has been a Director on our Board since January 2, 2020. In addition, pursuant to a resolution of our Board dated November 20, 2021 and a resolution of our Shareholders dated November 24, 2021, Anant Choubey was appointed as the Executive Director and COO of our Company.

Pursuant to his employment agreement dated November 24, 2021, and the resolutions passed by our Board on November 20, 2021, and our shareholders on November 24, 2021 the remuneration payable to Anant Choubey was revised effective November 24, 2021 as follows:

- a) **Guaranteed Salary:** In the scale of ₹ 6.75 million per annum to ₹ 12.50 million per annum with such annual increments as may be decided by our Board/Nomination and Remuneration Committee effective April 1<sup>st</sup> each year;
- b) **Variable Bonus:** In the scale of ₹ 2.25 million per annum to ₹ 4.10 million per annum with such annual increments as may be approved by our Board/Nomination and Remuneration Committee effective April 1<sup>st</sup> each year;
- c) **Perquisites and Allowances:** In addition to Guaranteed Salary and Variable Bonus, Anant Choubey is also entitled to other statutory benefits in compliance with the applicable laws such as provident fund contribution, gratuity, leave encashment, medical insurance for self and family members and such other benefits, amenities, facilities, allowances, and perquisites as per our Company's policies or as may be decided by our Board.

- d) **Reimbursement of Expenses:** Reimbursement of travel expenses incurred for official purposes of our Company, as per rules of our Company, reimbursement of expenditure incurred on telephone calls and internet at his residence at actuals as per the rules of our Company.

#### **Remuneration to Executive Directors**

Our Company has paid the following remuneration to our Executive Directors in Financial Year 2021:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Total remuneration (in ₹ million)</b>
1.	Aneesh Reddy Boddu	13.44
2.	Anant Choubey	6.22

#### **Remuneration to Non-Executive Directors and Independent Directors**

Pursuant to a resolution passed by our Board on December 10, 2021, our Independent Directors are each entitled to receive a sitting fee of ₹ 100,000.00 for attending each meeting of our Board and the various committees of our Board.

None of our Non-Executive Directors or Independent Directors were paid any sitting fee or commission in Fiscal 2021.

#### **Bonus or profit sharing plan for the Directors**

Our Company does not have any bonus or profit sharing plan for our Directors.

#### **Shareholding of our Directors**

Other than as disclosed under “*Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*” on page 97, none of our Directors hold any Equity Shares as on the date of this Draft Red Herring Prospectus. Our Directors are not required to hold any qualification shares in our Company.

#### **Service contracts with Directors**

There are no service contracts entered into by our Directors with our Company or our Subsidiaries which provide for benefits upon termination of employment.

#### **Contingent and deferred compensation payable to Directors**

There is no contingent or deferred compensation payable to our Directors, which does not form part of their remuneration.

#### **Remuneration paid or payable to our Directors from our Subsidiaries**

None of our Directors have been paid any remuneration from our Subsidiaries, including any contingent or deferred compensation accrued for Fiscal 2021.

#### **Interest of Directors**

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them as well as sitting fees, if any, payable to them for attending meetings of our Board or committees thereof and any commission payable to them. Our Directors may also be interested to the extent of Equity Shares and employee stock options, if any, held by them, or Equity Shares held by their relatives, or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees pursuant to the Offer, their shareholding in our Promoter and any dividend and other distributions payable in respect of such Equity Shares.

No loans have been availed by our Directors from our Company.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

## Interest in land and property

None of our Directors are interested in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus, or presently, proposed to be acquired by it.

## Loans to our Directors

No loans have been availed by our Directors from our Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

## Interest in promotion or formation of our Company

Except for Aneesh Reddy who is the founder of our Company, none of our Directors have any interest in the promotion or formation of our Company as on the date of this Draft Red Herring Prospectus.

## Business interest

Except as stated in the section titled “**Other Financial Information – Related Party Transactions**” on page 644, our Directors do not have any other business interest in our Company.

## Confirmations

Our Directors are not, and during the five years prior to the date of this Draft Red Herring Prospectus, have not been on the board of any listed company whose shares have been/ were suspended from being traded on BSE or NSE.

None of our Directors has been or are directors on the board of any listed companies which was or has been delisted from any stock exchange(s) during the term of their directorship in such companies.

## Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Director	Date of change*	Reasons
Abhijeet Vijayvergia	January 2, 2020	Resignation as Executive Director
Anant Choubey	January 2, 2020	Appointment as Additional Director <sup>(1)</sup>
Farid Lalji Kazani	December 10, 2021	Appointment as Independent Director
Neelam Dhawam	December 10, 2021	Appointment as Independent Director
Sameer Garde	December 10, 2021	Appointment as Independent Director
Sridhar Bollam	December 10, 2021	Resignation as a Director
Venkat Ramana Tadanki	December 10, 2021	Appointment as Independent Director
Yamini Preethi Natti	December 10, 2021	Appointment as Independent Director

*\*This table does not include regularisation of directors or change in designations.*

*(1) Regularised as Executive Director pursuant to a resolution passed by the Shareholders on December 31, 2020.*

## Borrowing powers

Pursuant to the applicable provisions of the Companies Act, 2013, and our Articles of Association, our Board is entitled to borrow any sum or sums of money(ies) in any currency on such terms and conditions as the Board may deem fit, by way of loans, issuance of bonds, notes, debentures or other securities whether convertible into equity/ preference shares or not, from banks, financial or other institution(s), investors, mutual fund(s), or any other persons, provided that the monies to be borrowed, together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), does not exceed the aggregate, for the time being, of the paid up capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose and the securities premium.

## Corporate governance

As on the date of this Draft Red Herring Prospectus, we have seven Directors on our Board, comprising two Executive Directors, and five Independent Directors, including two women Directors. Additionally, Sameer Garde one of our Independent Directors, has also been appointed as an independent director on the boards of our material subsidiaries, identified in accordance with Regulation 24 of the SEBI Listing Regulations, Capillary Technologies DMCC and Capillary Pte. Ltd and our Independent Director, Venkat Ramana Tadanki has been appointed as an independent director on the board of our Material Subsidiary, Persuade Loyalty LLC. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof.

Our Company undertakes to take all necessary steps to continue to comply with all the applicable requirements of SEBI Listing Regulations and the Companies Act, 2013.

### Board committees

Our Company has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act 2013:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders' Relationship Committee;
- (d) Risk Management Committee; and
- (e) CSR Committee.

### Audit Committee

The Audit Committee was constituted by a resolution of the Board dated December 10, 2021. The Audit Committee is in compliance with Section 177 and other applicable provisions of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Farid Lalji Kazani	Chairperson
2.	Neelam Dhawan	Member
3.	Venkat Ramana Tadanki	Member
4.	Anant Choubey	Member

The Company Secretary shall act as the secretary to the Audit Committee and the CFO shall be permanent invitee to the Committee.

#### *Scope and terms of reference:*

The Audit Committee shall be responsible for, among other things, as may be required by the stock exchange(s) from time to time, the following:

#### **A. Powers of Audit Committee**

The Audit Committee shall have powers, including the following:

- (1) to investigate any activity within its terms of reference;
- (2) to seek information from any employee;
- (3) to obtain outside legal or other professional advice; and
- (4) to secure attendance of outsiders with relevant expertise, if it considers necessary.

## Role of Audit Committee

The role of the Audit Committee shall include the following:

- (1) oversight of financial reporting process and the disclosure of financial information relating to our Company to ensure that the financial statements are correct, sufficient and credible;
- (2) recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of our Company and the fixation of the audit fee;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions; and
  - g. modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (6) reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board of directors of our Company to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval of any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company, subject to the conditions as may be prescribed;

**Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/ or the applicable Accounting Standards and/ or the Companies Act, 2013.

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of our Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) reviewing the functioning of the whistle blower mechanism;
- (19) monitoring the end use of funds raised through public offers and related matters;
- (20) overseeing the vigil mechanism established by our Company, with the chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- (21) approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (22) reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
- (23) consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on our Company and its shareholders; and
- (24) carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The Audit Committee shall mandatorily review the following information:

- management's discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- management letters/ letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the chief internal auditor; and
- statement of deviations in terms of the SEBI Listing Regulations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations;
  - b. annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of the SEBI Listing Regulations.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted pursuant to a resolution passed by our Board on December 10, 2021. The composition and terms of reference of the Nomination and Remuneration Committee are in compliance with Section 178 and other applicable provisions of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations.

S. No.	Name of our Director	Designation
1.	Venkat Ramana Tadanki	Chairperson
2.	Neelam Dhawan	Member
3.	Yamini Preethi Natti	Member

The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

*Scope and terms of reference:*

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees (“**Remuneration Policy**”);
- for every appointment of an independent director, evaluation of the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparation of a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates;
- formulation of criteria for evaluation of independent directors and the Board;
- devising a policy on Board diversity;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director);
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- recommend to the Board, all remuneration, in whatever form, payable to senior management;
- carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.”

The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that —

- a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company and its goals.
- performing such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:

- (a) administering the existing and proposed employee stock option schemes formulated by our Company from time to time (the “**Plan**”);
  - (b) determining the eligibility of employees to participate under the Plan;
  - (c) granting options to eligible employees and determining the date of grant;
  - (d) determining the number of options to be granted to an employee;
  - (e) determining the exercise price under the Plan; and
  - (f) construing and interpreting the Plan and any agreements defining the rights and obligations of our Company and eligible employees under the Plan, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the Plan.
- framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
    - (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by our Company and its employees.
  - performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the SEBI Listing Regulations or by any other applicable law or regulatory authority.

#### **Stakeholders’ Relationship Committee**

The Stakeholders’ Relationship Committee was constituted by a resolution of our Board dated December 10, 2021 in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders’ Relationship Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Sameer Garde	Chairperson
2.	Farid Lalji Kazani	Member
3.	Aneesh Reddy Boddu	Member

The Company Secretary shall act as the secretary to the Stakeholders’ Relationship Committee.

#### *Scope and terms of reference:*

The Stakeholders’ Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

- resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.;
- review of measures taken for effective exercise of voting rights by shareholders;
- review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent; and
- review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company.



### ***Risk Management Committee***

The Risk Management Committee was constituted by a resolution of our Board dated December 10, 2021, in compliance with Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Neelam Dhawan	Chairperson
2.	Farid Lalji Kazani	Member
3.	Sameer Garde	Member
4.	Anant Choubey	Member

The Company Secretary of the Company shall act as the secretary to the Risk Management Committee and the CFO shall be permanent invitee of the Committee.

#### ***Scope and terms of reference:***

The Risk Management Committee shall have the following powers:

- to review, 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:
  - 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;
- to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;
- to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- to keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- to review the appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;
- to implement and monitor policies and/or processes for ensuring cyber security;
- to frame, devise and monitor risk management plan and policy of our Company;
- to review and recommend potential risk involved in any new business plans and processes;
- to coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors; and
- any other similar or other functions as may be laid down by the Board from time to time and/ or as may be required under applicable law.

### ***Corporate Social Responsibility Committee***

The Corporate Social Responsibility Committee was constituted by a resolution of our Board dated December 10, 2021 and its composition and terms of reference are in compliance with Section 135 and other applicable provisions of the Companies Act 2013. The Corporate Social Responsibility Committee currently comprises:

<b>S. No.</b>	<b>Name of our Director</b>	<b>Designation</b>
1.	Yamini Preethi Natti	Chairperson
2.	Sameer Garde	Member
3.	Anant Choubey	Member

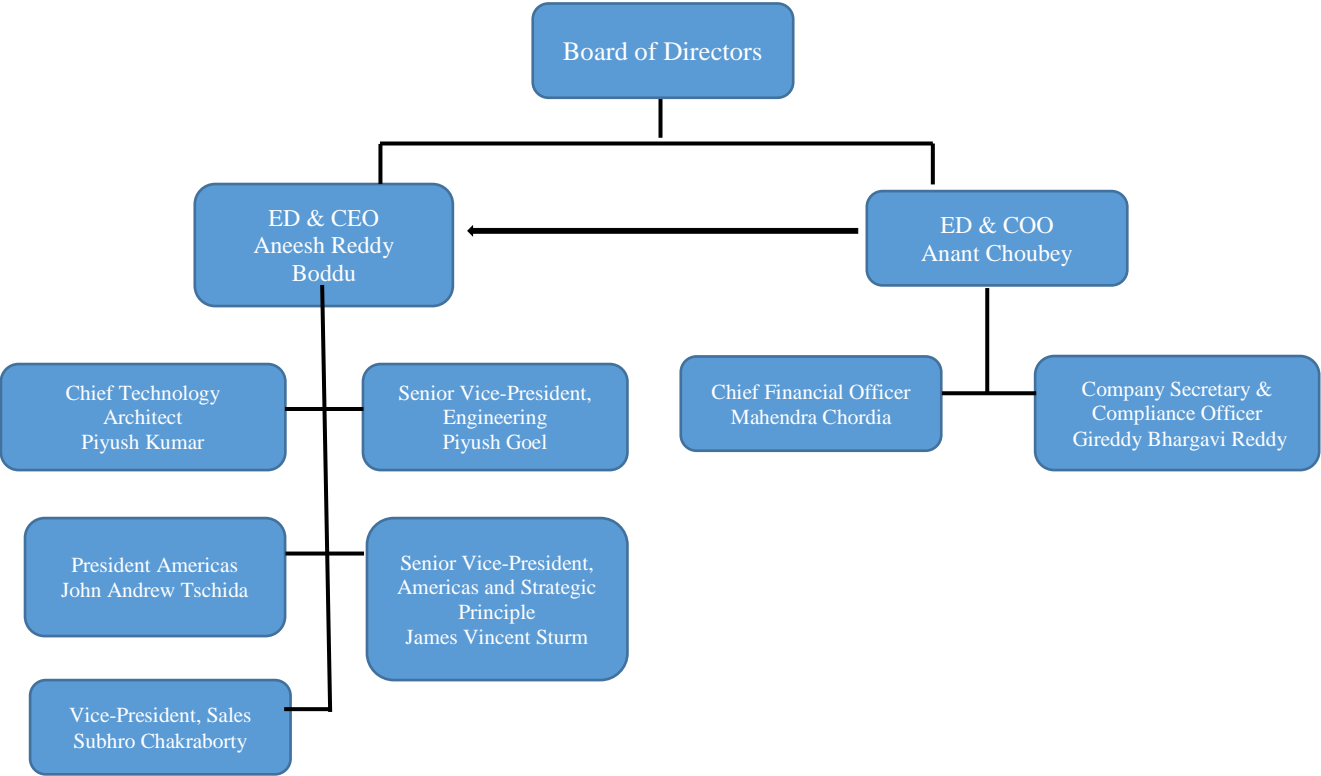
The Company Secretary shall act as the secretary to the Corporate Social Responsibility Committee and the Chief Human Resource Officer (“**CHRO**”) or equivalent shall be permanent invitee of the Committee.

#### *Scope and terms of reference:*

The Corporate Social Responsibility Committee be and is hereby authorized to perform the following functions:

- (a) formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act, 2013;
- (b) review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) monitor the corporate social responsibility policy of our Company and its implementation from time to time;
- (d) Transferring the unspent CSR amount to a Fund specified in the Schedule VII, within a period of six months of the expiry of the financial year and setting-off the amount spent in excess of the requirements for such number of succeeding financial years and in such manner as specified in the Companies Act, 2013; and
- (e) any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

Management Organisation Structure



## Key Managerial Personnel

In addition to Aneesh Reddy Boddu and Anant Choubey, whose details are provided in “*Our Management – Brief Profiles of our Directors*” above, the details of our other Key Managerial Personnel in alphabetical order as on the date of this Draft Red Herring Prospectus are set forth below.

**Gireddy Bhargavi Reddy** is the Company Secretary and Compliance Officer of our Company. She holds a bachelor’s degree in commerce from the Sri Krishna Devaraya University, Anantpur and a Master’s degree in business administration from Sikkim Manipal University. She is also associate of the Institute of Company Secretaries of India (“**ICSI**”). She joined our Company on July 1, 2021 and currently supervises the secretarial and compliance related functions of our Company. She was previously associated with Embassy Property Developments Private Limited, MIC Electronics Limited and Meridian Medical Research and Hospital Limited in the capacity of Company Secretary. Prior to that, she was associated with Nandi Economic Corridor Enterprises Limited in the capacity of a Senior Manager. Since Gireddy Bhargavi Reddy joined our Company on July 1, 2021, she did not receive any compensation from our Company in Fiscal 2021.

**James Vincent Sturm** is the Senior Vice-President, Americas and Strategic Principle for Persuade Loyalty, LLC, our Subsidiary. He holds a bachelor’s degree in business administration from the State University of New York, Buffalo. He was previously associated with Brierly+Partners, Inc. as their Chief Executive Officer. He joined our Subsidiary with effect from September 1, 2021, and has been working as a consultant for our Promoter, CTIPL since January 1, 2021. In Fiscal 2021, he did not receive any compensation from our Company or our Subsidiary.

**John Andrew Tschida** is the President, Americas for Persuade Loyalty, LLC, our Subsidiary. He attended University of St. Thomas between 1988 and 1991 however withdrew prior to graduation to pursue his own business interests. He was the founder and Managing Partner of Persuade Loyalty, LLC and the President of Technical Realities, Inc. He was previously associated with the Lacek Group, with Bonfire Partners, LLC (“**Denali**”) and with Olson +Co., Inc. as a Contractor. He joined our Subsidiary with effect from September 1, 2021. In Fiscal 2021, he did not receive any compensation from our Company or our Subsidiary.

**Mahendra Chordia** is the Chief Financial Officer of our Company. He holds a bachelor’s degree in commerce from Bangalore University and has completed the executive general management program from the Indian Institute of Management, Bangalore. He is an Associate of Institute of Chartered Accountants of India.. He was previously associated with Quinbay Technologies Private Limited, 10i Commerce Services Private Limited, and LAI Investment Manager Private Limited in the capacity of Chief Financial Officer. Prior to that, he was associated with Broadcom Communications Technologies Private Limited as their Director, Asia Finance. As he was appointed the CFO of our Company with effect from August 31, 2021, he did not receive any compensation from our Company in Fiscal 2021.

**Piyush Goel** is the Senior Vice-President, Engineering of our Company. He holds a bachelor’s degree in computer science and engineering from the Indian Institute of Technology, Kharagpur and a master’s degree in computer and information technology from the Indian Institute of Technology, Kharagpur. He was previously associated with Holiday Triangle Travel Private Limited in the capacity of Vice-President, Engineering, with InMobi Technology Services Private Limited in the capacity of Engineering Manager and with Yahoo Software Development India Private Limited in the capacity of a Senior Software Engineer. He joined our Company with effect from April 22, 2018. In Fiscal 2021, he received ₹ 8.34 million as compensation from our Company.

**Piyush Kumar** is the Chief Technology Architect of our Company. He holds bachelor’s degree in instrumentation engineering from the Indian Institute of Technology, Kharagpur and a bachelor’s degree in Science from the London School of Economics. He was previously associated with Hiveminds Innovative Market Solutions Private Limited in the capacity of Principal Architect, with ThoughtWorks Technologies India Private Limited in the capacity of an Application Developer, with Qwest Telecom Software Services Private Limited in the capacity of a Senior Software Engineer and with Sapient Consulting Private Limited in the capacity of Senior Associate. He joined our Company with effect from August 1, 2016. In Fiscal 2021, he received ₹ 7.93 million as compensation from our Company.

**Subhro Chakraborty** is the Vice-President, Sales, of our Company. He holds a bachelor’s degree in chemical engineering from Jadavpur University, West Bengal and a post-graduate diploma in business management from the Indian Institute of Management, Calcutta. He was previously associated with Adobe Systems India Private Limited as a Senior Manager, Enterprise Sales, with Dell India Private Limited as Outside Regional Sales Director and was also associated with Hewlett-Packard India Sales Private Limited. He joined our Company with effect from July 16, 2018. In Fiscal 2021, he received ₹ 10.88 million as compensation from our Company.

### Changes in Key Managerial Personnel during the last three years

Except for Aneesh Reddy Boddu and Anant Choubey as described in “*Changes in our Board during the last three years*” above, the changes in our Key Managerial Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Date of change	Reason
Gireddy Bhargavi Reddy	July 14, 2021	Appointment as Company Secretary
James Vincent Sturm	September 1, 2021	Appointment as President, Sales and Marketing, USA
John Andrew Tschida	September 1, 2021	Appointment as President, Persuade
Mahendra Chordia	August 31, 2021	Appointment as Chief Financial Officer
Piyush Goel	April 1, 2021	Appointment as Senior Vice-President, Engineering
Subhro Chakraborty	July 16, 2018	Appointment as Vice-President, Sales

### Shareholding of Key Managerial Personnel

Other than as provided under “*Capital Structure – Shareholding of our Directors and Key Managerial Personnel*” on page 97, none of our Key Managerial Personnel hold Equity Shares as on the date of this Draft Red Herring Prospectus.

### Employee stock option schemes

The details of the shareholding of our Key Managerial Personnel under ESOP – 2021 granted to our Key Managerial Personnel as on the date of this Draft Red Herring Prospectus, are set out below:

Name	No. of Equity Shares as a result of exercise of Granted Options	Granted Options (Not vested as on the date of this Draft Red Herring Prospectus)	Vested Options as on the date of this Draft Red Herring Prospectus	% of pre-Offer equity share capital (%)*
Aneesh Reddy Boddu	-	949,720	Nil	1.90
Anant Choubey	-	274,113	Nil	0.55
Piyush Kumar	-	53,652	Nil	0.11
Piyush Goel	-	131,157	Nil	0.26
Subhro Chakraborty	-	68,684	Nil	0.14
Mahendra Chordia	-	46,508	Nil	0.09
Gireddy Bhargavi Reddy	-	1,508	Nil	Negligible

\*The percentage is calculated against the total share capital of our Company, including vested ESOPs

For details of the ESOP 2021 implemented by our Company, see “*Capital Structure – Employee Stock Option Schemes*” on page 98.

### Contingent or deferred compensation

No contingent or deferred compensation was paid to any of our Key Managerial Personnel for Fiscal 2021.

### Status of Key Managerial Personnel

Other than James Vincent Sturm and John Andrew Tschida, who have been appointed in our Subsidiary on a contractual basis, all our Key Managerial Personnel are permanent employees of our Company and our Subsidiaries.

### Relationship amongst Key Managerial Personnel

None of our Key Managerial Personnel have any family relationship with each other.

### Bonus or profit sharing plan for the Key Managerial Personnel

Except for the payments and compensation required to be paid under the laws of India, there is no profit sharing plan for the Key Managerial Personnel.

### **Service Contracts with Key Managerial Personnel**

Our Key Managerial Personnel are governed by the terms of their appointment letters/ employment contracts and have not entered into any other service contracts with our Company. No officer of our Company is entitled to any benefit upon termination of employment or superannuation, other than statutory benefits.

### **Interest of Key Managerial Personnel**

Other than as provided in “*Our Management – Interest of Directors*” and to the extent of the remuneration, benefits, interest of receiving dividends on the Equity Shares held by them, if any, reimbursement of expenses incurred in the ordinary course of business, our Key Managerial Personnel may be interested to the extent of employee stock options that may be granted to them from time to time under the ESOP 2021 and other employee stock option schemes formulated by our Company from time to time. No loans have been availed by our Key Managerial Personnel from our Company.

### **Arrangements and understanding with major shareholders, customers, suppliers or others**

None of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or any other person.

### **Payment or benefit to Key Managerial Personnel of our Company**

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

## OUR PROMOTER AND PROMOTER GROUP

Capillary Technologies International Pte. Ltd. is the Promoter of our Company. As on the date of this Draft Red Herring Prospectus, our Promoter, together with its nominee, holds 49,040,407 Equity Shares, representing 98.06% of the issued, subscribed and paid-up Equity Share capital of our Company, on a fully diluted basis. For details of the build-up of our Promoter's shareholding in our Company, see "*Capital Structure - History of the share capital held by our Promoter - Build-up of our Promoter's shareholding in our Company*" on page 92.

The details of our Promoter are provided below:

### Details of our Promoter

#### *Capillary Technologies International Pte. Ltd. ("CTIPL")*

##### *Corporate Information*

CTIPL, (formerly called Solus Investments Pte. Ltd.) was incorporated on February 13, 2012 in Singapore under the Companies Act, Chapter 50. CTIPL's unique identity number is 201203442K and the registered office is located at 50 Raffles Place, #19-00 Singapore Land Tower, Singapore 048 623. CTIPL is a holding company of our Company and is engaged in the business of, amongst others, development of software and software as a service. CTIPL has not changed its activities from the date of its incorporation.

As on the date of this Draft Red Herring Prospectus, CTIPL, together with its nominee, holds 49,040,407 Equity Shares constituting 98.06% of the pre-Offer Equity Share capital of our Company. For details in relation to the purchase of Equity Shares by CTIPL of our Company, please see "*Capital Structure - History of the share capital held by our Promoter*" on page 92.

##### *Promoter of our Promoter*

CTIPL does not have any promoter and is managed by its board of directors. Further, there are no natural persons in control who hold 15% or more voting rights in CTIPL.

Our Company confirms that the permanent account number, bank account number(s) and company registration number of CTIPL and the address of the registrar of companies where CTIPL is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

##### *Shareholding pattern*

The shareholding pattern of CTIPL is as follows:

Sr. No.	Name of Shareholder	Number of ordinary shares	Number of preference shares	Total number of shares	Percentage of Shareholding (%)
1.	Swanland Investment Ltd.	970,000	15,319,259	16,289,259	37.09
2.	Avataar Venture Partners I	1,442,000	6,855,480	8,297,480	18.89
3.	Sequoia Capital India Growth Fund II Ltd	632,000	2,973,000	3,605,000	8.21
4.	Sequoia Capital India III Ltd.	1,438,000	1,946,000	3,384,000	7.71
5.	Aneesh Reddy Boddu	3,248,000	-	3,248,000	7.40
6.	Qualcomm Asia Pacific Pte. Ltd., Singapore	661,000	1,578,000	2,239,000	5.10
7.	SCI Growth Investments II	59,000	1,661,400	1,720,400	3.92
8.	American Express Travel Related Services Company Inc	-	1,158,000	1,158,000	2.64
9.	Filter Capital Fund I Ltd.	-	917,599	917,599	2.09
10.	Tadanki Family Trust	545,000	-	545,000	1.24
11.	Lionrock Global Pte. Ltd.	535,000	-	535,000	1.22
12.	Qualcomm Incorporated	480,000	-	480,000	1.09
13.	Krishna Mehra	388,000	-	388,000	0.88
14.	Anant Choubey	295,000	-	295,000	0.67
15.	Ajay Modani	153,000	-	153,000	0.35

Sr. No.	Name of Shareholder	Number of ordinary shares	Number of preference shares	Total number of shares	Percentage of Shareholding (%)
16.	Technology Incubation and Entrepreneurship Training Society	100,000	-	100,000	0.23
17.	Rajan Jei Anandan	97,000	-	97,000	0.22
18.	Aloke Malik	93,000	-	93,000	0.21
19.	Venkat Ramana Tadanki	67,582	-	67,582	0.15
20.	Steffen Naumann	28,000	23,100	51,100	0.12
21.	Vikas Tayal	49,000	-	49,000	0.11
22.	Abhijeet Vijayvergiya	44,000	-	44,000	0.10
23.	Qualcomm Ventures LLC	-	36,700	36,700	0.08
24.	Vijay Acharya	34,000	-	34,000	0.08
25.	Anvaya Ventures, Inc.	-	27,500	27,500	0.06
26.	Nikunj Vora	4,000	-	4,000	0.01
27.	Kesri Singh	45,880	-	45,880	0.10
28.	Kiran Vaidya	2,000	-	2,000	Negligible
29.	Umesh V Aundhekar	2,000	-	2,000	Negligible
30.	Abhay Raosaheb Deshpande	2,000	-	2,000	Negligible
31.	Nitin Manohar Padmawar	2,000	-	2,000	Negligible
32.	Girish Babulal Kasliwal	2,000	-	2,000	Negligible
33.	Jitendra Sadashiv Joshi	2,000	-	2,000	Negligible
<b>Total</b>		<b>11,420,462</b>	<b>32,496,038</b>	<b>43,916,500</b>	<b>100.00</b>

#### *Board of directors*

As on the date of this Draft Red Herring Prospectus, the board of directors of CTIPL comprises of:

1. Shailesh Lakhani;
2. Vikram Arun Chogle;
3. Abhay Rao Saheb Deshpande;
4. Ramendra Kumar Pandey; and
5. Lim Fui Khim Loretta

#### *Shareholder's Agreement*

Our Promoter has entered into the Ninth Amended and Restated Shareholders Agreement dated December 17, 2021 (the “**Promoter SHA**”) with its shareholders. The Promoter SHA includes, among others, pre-emptive protection for our founders and investors of our Promoter in the event it issues new shares, anti-dilution rights with respect to the preference shares held by the shareholders of our Promoter, right of our founders and the investor directors of the Promoter to nominate directors on the board of our Promoter, rights in respect of dividend and voting on resolutions placed before our Promoter and certain information rights subject to compliance with Applicable Law, and consent requirements from shareholders for voting on certain corporate actions. Pursuant to the Promoter SHA, our Promoter has agreed to (upon successful completion of the Offer) to provide exit options to its shareholders including by way of a capital reduction process of its shareholding, subject to compliance with applicable laws. Further, on or after the Offer, the governance and management of our Company and its Subsidiaries shall be undertaken by their respective boards of directors in accordance with applicable laws and the rights and obligations of the parties under the Promoter SHA shall not apply to our Company or its Subsidiaries.

Pursuant to our Articles of Association, our Promoter shall have a right to nominate appointment of directors in our Company (“**Promoter Nominee Director**”) in the following manner:

- a. at least two directors, so long as our Promoter holds at least 20.00% (twenty per cent) of the total issued and paid-up equity share capital of our Company on a fully diluted basis;



- b. at least one director, so long as our Promoter holds less than 20.00% (twenty per cent) but more than or equal to 5.00% (five per cent) of the total issued and paid-up equity share capital of our Company on a fully diluted basis and continues to be the promoter of our Company.

The abovementioned right of our Promoter to appoint Promoter Nominee Directors shall be subject to the receipt of the shareholders' approval by way of special resolution, in the first general meeting of our Company held after successful listing and trading pursuant to the completion of the initial public offering of our Company. Our Company is not a party to the Promoter SHA.

#### **Details of change in control**

There has been no change in the control of CTIPL in the last three years preceding the date of this Draft Red Herring Prospectus.

#### ***Change in management or control of our Company***

While there has been no change in management or control of our Company in the last five years, CTIPL has been identified as Promoter of our Company pursuant to the resolution dated December 10, 2021 approved by our Board.

#### **Interest of our Promoter**

- (a) Our Promoter is interested in our Company to the extent (i) that it has promoted our Company (ii) of its shareholding in our Company, (iii) of dividends payable (if any) and any other distributions in respect of the Equity Shares held by it in our Company; and (iv) its business interest in our Company. For details of the Promoter's shareholding in our Company, see "***Capital Structure - History of the share capital held by our Promoter***" beginning on page 92, respectively.
- (b) Our Promoter does not have any interest in any property acquired by our Company in the preceding three years or proposed to be acquired by our Company, as on the date of this Draft Red Herring Prospectus.
- (c) Our Promoter is not interested as a member of a firm or a company (other than our Company) and no sum has been paid or agreed to be paid to our Promoter or to any firm or company in which our Promoter is a member, in cash or shares or otherwise by any person for services rendered by such Promoter or by such firm or company in connection with the promotion or formation of our Company.
- (d) Other than interest in Reasoning Global Eapplications Private Limited, Sellerworx Online Services Private Limited, Innotarget Fashalot 2018 Retail Private Limited, WebKlipper Technologies Private Limited, M/s. Exclusife Inc. and Customer Analytics Technologies Inc. due to historical investments and acquisition that have not been transferred to our Company pursuant to Business Transfer, our Promoter does not have any interest in any venture that is involved in any activities similar to those conducted by our Company.
- (e) Our Promoter does not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

#### **Payment or benefits to our Promoter and Promoter Group**

Except for as disclosed in "***Other Financial Information – Related Party Transactions***" on page 644, and disclosed in see, "***History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years***" on page 217, our Company has not entered into any contract, agreements or arrangements in the preceding two years in which our Promoter and Promoter Group is directly or indirectly interested, nor does our Company propose to enter into any such contract, arrangement or agreements in which our Promoter and Promoter Group is directly or indirectly interested and no payments or benefits are intended to be made to the Promoter and Promoter Group or have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

#### **Material Guarantees given by our Promoter**

Other than as stated below, our Promoter has not given any material guarantees to any third parties with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus:

Our Promoter, CTIPL, has given one corporate guarantee of ₹ 255.00 million in favour of RBL Bank in respect of the sales invoice discounting facility and the post-shipment credit facility availed by our Company. Under the deed of guarantee dated August 31, 2021, CTIPL is obliged to pay forthwith on demand, without any demur or protest, irrevocably and unconditionally, without any reference to our Company and without raising any objection whatsoever, any default made by our Company in respect of repayment under the facility. The duration of the guarantee is the tenure of the facility availed. For more information, see “**Financial Indebtedness**” on page 646.

Our Promoter, CTIPL has entered into a deed of guarantee dated July 15, 2021, in favour of Innoven Capital India Private Limited in respect of a term loan of ₹ 215.00 million availed by our Company from Innoven Capital India Private Limited. Under the deed of guarantee, CTIPL has undertaken to fulfil the obligations of our Company in case our Company fails to fulfil its obligations under the facility agreement.

For details of the guarantee provided by our Promoter, CTIPL in relation to facility of USD 3.00 million availed by CTIPL, and transferred to CPL pursuant to the Business Transfer Agreement, please see “**History and Certain Corporate Matters - Business and loan transfer agreement dated November 1, 2021, entered into between Capillary Technologies International Pte. Ltd and Capillary Pte. Ltd**” on page 217.

#### **Disassociation by our Promoter in the three immediately preceding years**

Our Promoter has not disassociated itself from any companies or firms during the three immediately preceding years.

#### **Promoter Group**

Except our Promoter, CTIPL and our Subsidiaries, the entities forming part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are as follows:

1. Capillary Technologies Inc.;
2. Reasoning Global E- applications Private Limited; and
3. Swanland Investment Ltd.

## OUR GROUP COMPANY

Pursuant to a resolution of our Board dated December 23, 2021 and as per the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered the companies (other than our Promoter and Subsidiaries) with which (i) there were related party transactions as disclosed in the Restated Summary Statements as per Ind AS 24; and (ii) other companies considered material by our Board pursuant to the Materiality Policy. For the purposes of (ii) above, and in accordance with our Materiality Policy, for the purposes of disclosure in the offer documents, a company shall be considered material and disclosed as a Group Company if a) our Company has entered into related party transactions as described under Ind AS 24 with such company (other than Promoter and Subsidiaries) during any of the financial periods being included in the Draft Red Herring Prospectus; or b) it is a member of the Promoter Group (other than the Promoter) and has entered into one or more transactions with our Company in the most recent financial year and/or the relevant stub period of the Restated Summary Statements as disclosed in this Draft Red Herring Prospectus, that individually or in the aggregate, exceed 10% of the total income of our Company for such period.

Accordingly, in terms of the Materiality Policy, our Board has identified the following as Group Company of our Company:

Elmet Technologies Private Limited.

### Details of our Group Company

#### ***Elmet Technologies Private Limited (formerly Capillary Technologies Private Limited)***

*Registered office address:* 1, Thakurdas Chakrabarty Lane, Kolkata 700 006 West Bengal, India

Information with respect to (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, based on the audited standalone statements for the preceding three years shall be hosted on our website at [www.capillarytech.com/investors](http://www.capillarytech.com/investors).

As required under the SEBI ICDR Regulations, Elmet Technologies Private Limited shall host such information on the website of our Company since Elmet Technologies Private Limited does not have a separate website.

*In accordance with the SEBI ICDR Regulations, certain financial information in relation to our Group Company for the previous three financial years, extracted from their audited financial statements (as applicable) are available at the website indicated above.*

*Our Company has provided the link to such website solely to comply with the requirements specified under the SEBI ICDR Regulations. The information provided on the website should not be relied upon or used as a basis for any investment decision.*

*Neither our Company nor any of the BRLMs or the Selling Shareholder nor any of the Company's, BRLMs' or Selling Shareholder's respective directors, employees, affiliates, associates, advisors, agents or representatives accept any liability whatsoever for any loss arising from any information presented or contained in the website given above.*

### Nature and extent of interests of our Group Companies

As on the date of this Draft Red Herring Prospectus, our Group Company does not have any interest in the promotion or formation of our Company. Our Group Company does not have any interest in any property acquired by our Company in the three years preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by us as on date of this Draft Red Herring Prospectus. For further details, see “***Our Management – Interest of Directors - Interest in land and property***” on page 228. Except as disclosed above and under “***Other Financial Information – Related Party Transactions***” on page 644, our Group Company does not have an interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery. Except as disclosed under “***Other Financial Information – Related Party Transactions***” on page 644, our Group Company does not have any business interest in our Company.

### Related Business Transactions

Except as set forth in “***Other Financial Information – Related Party Transactions***” on page 644, there are no other related party transactions, existing or contemplated, between our Group Company and our Company.

**Common pursuits of our Group Companies**

As on the date of this Draft Red Herring Prospectus, there are no common pursuits amongst the Group Company and our Company.

**Litigation**

As on date of this Draft Red Herring Prospectus, our Group Company is not party to any pending litigation which will have a material impact on our Company.

**Utilisation of Offer Proceeds**

There are no material existing or anticipated transactions in relation to utilisation of the issue proceeds with our Group Company.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act, 2013.

According to the dividend policy adopted by our Board on November 26, 2021, the quantum of dividend to be distributed, if any, will depend on a number of parameters, including internal factors such as net profit earned during the relevant financial year, cash flow of our Company, funds required for business diversification or expansion plans, future capital expenditure or investment proposals of our Company, working capital requirements and external factors such as the economic environment, government policies and cost of funds, among others. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see “**Financial Indebtedness**” and “**Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements**” beginning on pages 646 and 61, respectively.

Our Company has not declared any dividends in the last three Fiscals, three months’ period ended June 30, 2021 and the period from July 1, 2021 until the date of this Draft Red Herring Prospectus.

## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Nos.
1.	The examination report and the Restated Summary Statements	248 to 301
2.	The Statutory Auditors report and the Proforma Financial Information	302 to 348
3.	The audit report along with Capillary Dubai Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	349 to 385
4.	The audit report along with Capillary Indonesia Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	386 to 466
5.	The audit report along with Capillary Malaysia Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	467 to 508
6.	The audit report along with Capillary Shanghai Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	509 to 534
7.	The audit report along with PHI Special Purpose Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	535 to 561
8.	The audit report along with PLC Special Purpose Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	562 to 598
9.	The audit report along with Special Purpose Carve Out Financial Statements of CTIPL as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021	599 to 641

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**Independent Auditors' Examination Report on the restated summary statement of assets and liabilities as at June 30, 2021, March 31, 2021, 2020 and 2019, restated summary statement of profit and loss (including other comprehensive income), restated summary statement of cash flows and changes in equity for three month period ended June 30, 2021 and years ended March 31, 2021, 2020 and 2019, restated summary statement of significant accounting policies and other explanatory information of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) (collectively, the "Restated Summary Statements").**

The Board of Directors

Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)

#36/5, 2nd Floor, Somasandra Palya,

Adjacent 27th Main Road, Sector 2,

HSR Layout, Bengaluru - 560102

Dear Sirs:

1. We have examined the attached Restated Summary Statements of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) (the "Company") annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") in connection with its proposed Initial Public Offer ("IPO"). The Restated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on December 23, 2021, have been prepared in accordance with the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) (as amended) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").

#### **Management's Responsibility for the Restated Summary Statements**

2. The preparation of the Restated Summary Statements, which are to be included in the DRHP is the responsibility of the Management of the Company. The Restated Summary Statements have been prepared by the Management of the Company on the basis of preparation, as stated in note 2 of Annexure V to the Restated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Summary Statements. The Management of the Company is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

#### **Auditors' Responsibilities**

3. We have examined such Restated Summary Statements taking into consideration:
  - a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated November 30, 2021, requesting us to carry out the assignment, in connection with the proposed IPO of the Company;
  - b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics Issued by ICAI.
  - c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Summary Statements; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises of offer for sale by certain existing shareholders' and fresh issue of its equity shares of Rs. 2 each at such premium arrived at by the book building process (referred to as the 'Issue'), as may be decided by the Company's Board of Directors.

## Restated Summary Statements

5. These Restated Summary Statements have been compiled by the Management of the Company from:
- a) Audited Interim Ind AS financial statements of the Company as at and for the three months period ended June 30, 2021 prepared in accordance with the Indian Accounting Standard 34 (Ind AS 34) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on December 23, 2021.
  - b) Audited financial statements of the Company as at and for the year ended March 31, 2021, which were prepared in accordance with accounting principles generally accepted in India as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended) ("Indian GAAP"), which have been approved by the Board of Directors at their meeting held on July 30, 2021. The Management of the Company has adjusted financial information for the year ended March 31, 2021 included in such Indian GAAP financial statements using recognition and measurement principles of Ind AS as described in Note 36 of Annexure VII to the Restated Summary Statements to make them compliant with recognition and measurement principles of Ind AS.
  - c) Audited financial statements of the Company as at and for the year ended March 31, 2020, which were prepared in accordance with Indian GAAP, which have been approved by the Board of Directors at their meeting held on December 30, 2020. In accordance with the ICDR Regulations, read with the Guidance Note, the Restated Summary Statements for the year ended March 31, 2020 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition i.e. April 01, 2020 following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS.
  - d) Audited financial statements of the Company as at and for the year ended March 31, 2019, which were prepared in accordance with Indian GAAP, which have been approved by the Board of Directors at their meeting held on September 28, 2019. In accordance with the ICDR Regulations, read with the Guidance Note, the Restated Summary Statements for the year ended March 31, 2019 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition i.e. April 01, 2020 following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS.
6. For the purpose of our examination, we have relied on auditors' reports issued by us, dated December 23, 2021, on the interim Ind AS financial statements of the Company as at and for three months period ended June 30, 2021 and July 30, 2021, December 30, 2020 and September 28, 2019 on the financial statements of the Company as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively, as referred in Paragraph 5 above. The Ind AS adjustments, adjustments for changes in accounting policies, material errors and regrouping/ reclassifications made to such Indian GAAP financial statements as set out in Note 2 of Annexure V to the Restated Summary Statements, have been audited by us.
7. The audit reports on interim Ind AS financial statements of the Company as at and for the three months period ended June 30, 2021 and on the financial statements of the Company for each of the years ended March 31, 2021 and March 31, 2020 referred to in paragraph 6 above included Emphasis of Matter paragraphs as follows:

### For the three months period ended June 30, 2021

- (i) "We draw attention to Note 39 to the accompanying Interim Ind AS financial Statements for the three months period ended June 30, 2021, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the future business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve."



**For the year ended March 31, 2021:**

“We draw attention to Note 35 to the accompanying financial Statements for the year ended March 31, 2021, which describes the uncertainties and the management’s assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.”

**For the year ended March 31, 2020**

“We draw attention to Note 34 to the accompanying financial Statements for the year ended March 31, 2020, which describes the uncertainties and the management’s assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.”

Qualifications in the Companies (Auditor’s Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Summary Statements have been disclosed in **Annexure VI -C** to the Restated Summary Statements.

8. Based on our examination and according to the information and explanations given to us, we report that Restated Summary Statements of the Company:
  - a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors, and regrouping / reclassifications retrospectively in the financial year ended March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the three months period ended June 30, 2021;
  - b. have been prepared after incorporating Ind AS adjustments described in Note 36 of Annexure VII to the Restated Summary Statements, adjustments for the changes in accounting policies, material errors, and regrouping / reclassifications retrospectively for the years ended March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies and groupings / classifications followed as at and for the three months period ended June 30, 2021;
  - c. does not contain any qualifications requiring adjustments.
  - d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2021. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Company as of any date or for any period subsequent to June 30, 2021.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. The Restated Summary Statements do not reflect the effects of events that occurred subsequent to the audited financial statements mentioned in paragraph 5 above.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

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

per Sandeep Karnani  
Partner  
Membership No.: 061207  
UDIN: 21061207AAAAHE5102

Place: Bengaluru  
Date: December 23, 2021

**Annexure I**  
**Restated Summary Statement of Assets and Liabilities**

		(₹ in Million)				
		Annexure VII Note	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted - Refer Note 1 below)	As at March 31, 2019 (As adjusted - Refer Note 1 below)
I	Assets					
(1)	Non-current assets					
	(a) Property, plant and equipment	3	5.80	5.85	10.57	19.54
	(b) Intangible assets	4	3.10	3.49	4.29	2.02
	(c) Right-of-use assets	30	11.94	17.91	123.75	28.68
	(d) Financial assets					
	(i) Other financial assets	5	88.68	87.26	75.11	54.96
	(e) Non-current tax assets (net)	6	54.17	41.19	136.46	117.10
	(f) Other non-current assets	9	0.96	1.72	6.13	2.63
			164.65	157.42	356.31	224.93
(2)	Current assets					
	(a) Financial assets					
	(i) Trade receivables	7	651.14	519.10	397.38	319.73
	(ii) Cash and cash equivalents	8	12.07	96.78	47.90	69.68
	(iii) Loans	5	4.11	0.30	1.31	3.95
	(iv) Other financial assets	5	15.52	23.19	37.61	71.51
	(b) Other current assets	9	16.15	19.16	21.39	21.63
			698.99	658.53	505.59	486.50
	Total assets (1+2)		863.64	815.95	861.90	711.43
II	Equity and liabilities					
(1)	Equity					
	(a) Equity share capital	10	23.33	23.33	23.33	23.33
	(b) Other equity	11	356.62	301.63	95.97	42.88
	Total equity		379.95	324.96	119.30	66.21
(2)	Non-current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	12	74.33	73.15	150.94	16.36
	(ii) Lease liabilities	30	-	-	83.72	-
	(b) Net employee defined benefit liabilities	13	38.76	22.54	19.62	20.86
			113.09	95.69	254.28	37.22
(3)	Current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	12	124.33	118.15	93.18	165.27
	(ii) Lease liabilities	30	3.19	6.12	35.89	28.68
	(iii) Trade payables					
	(a) Total outstanding dues of micro enterprises and small enterprises	17	2.09	3.08	1.80	0.85
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	17	113.14	94.49	176.87	225.32
	(iv) Other financial liabilities	15	20.70	66.73	63.47	89.53
	(b) Net employee defined benefit liabilities	13	3.71	12.22	16.81	25.84
	(c) Provisions	14	14.99	13.58	16.07	14.53
	(d) Other current liabilities	16	88.45	80.93	84.23	57.98
			370.60	395.30	488.32	608.00
	Total liabilities (2+3)		483.69	490.99	742.60	645.22
	Total equity and liabilities (1+2+3)		863.64	815.95	861.90	711.43

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1- Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

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

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

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Aneesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

Annexure II  
Restated Summary Statement of Profit and Loss

		(₹ in Million)			
	Annexure VII Note	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted - Refer Note 1 below)	For the year ended March 31, 2019 (As adjusted - Refer Note 1 below)
<b>I Income</b>					
Revenue from operations	18	331.66	1,149.03	1,661.23	1,731.48
Other income	19	3.40	70.20	1.77	12.79
Finance income	20	1.94	12.34	12.99	5.19
<b>Total income</b>		<b>337.00</b>	<b>1,231.57</b>	<b>1,675.99</b>	<b>1,749.46</b>
<b>II Expenses</b>					
Cost of campaign services		12.02	88.29	225.76	265.08
Professional and consultancy services		40.53	123.99	143.86	190.26
Employee benefit expenses	21	228.85	718.78	982.48	988.44
Depreciation and amortisation expenses	22	7.02	34.15	49.65	61.50
Finance costs	23	3.85	18.70	32.27	38.05
Other expenses	24	19.45	78.26	239.91	322.81
<b>Total expenses</b>		<b>311.72</b>	<b>1,062.17</b>	<b>1,673.93</b>	<b>1,866.14</b>
<b>III Restated profit/ (loss) before tax (I - II)</b>		<b>25.28</b>	<b>169.40</b>	<b>2.06</b>	<b>(116.68)</b>
<b>IV Tax expenses</b>					
(a) Current tax	25	-	-	-	-
(b) Deferred tax charge/ (credit)	25	-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Restated profit/ (loss) for the period / year (III - IV)</b>		<b>25.28</b>	<b>169.40</b>	<b>2.06</b>	<b>(116.68)</b>
<b>VI Other comprehensive income</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
(i) Re-measurement (losses) / gains on defined benefit plan		(5.96)	0.56	11.21	(1.10)
Income tax effect on above		-	-	-	-
<b>Restated total other comprehensive (loss) / income for the period / year (net of tax)</b>		<b>(5.96)</b>	<b>0.56</b>	<b>11.21</b>	<b>(1.10)</b>
<b>VII Restated total comprehensive income / (loss) for the period / year (net of tax) (V + VI)</b>		<b>19.32</b>	<b>169.96</b>	<b>13.27</b>	<b>(117.78)</b>
<b>VIII Restated earnings per equity share (EPS) (face value - ₹ 2 each) (refer note 2)</b>					
Basic (₹)	26	0.53	3.54	0.04	(2.44)
Diluted (₹)	26	0.53	3.54	0.04	(2.44)

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

Note 2 - Earnings per share for the three months period ended June 30, 2021 are not annualised.

As per our report of even date

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

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

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Aneesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

Annexure III  
Restated Summary Statement of Cash Flows

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted - Refer Note 1 below)	For the year ended March 31, 2019 (As adjusted - Refer Note 1 below)
<b>A. Cash flow from/ (used in) operating activities</b>				
Profit / (loss) before tax	25.28	169.40	2.06	(116.68)
<b>Adjustments to reconcile (loss) / profit before tax to net cash flows</b>				
Depreciation and amortisation expenses	7.02	34.15	49.65	61.50
Provision for doubtful trade receivables and advances (including bad debts written off)	0.46	-	43.47	22.95
Provision for doubtful trade receivables and advances no longer required, written back	-	(3.65)	-	-
Employee stock option expenses (refer note 29)	35.67	35.70	39.82	67.28
Advances/ deposits written off	1.12	5.75	3.53	1.11
Net gain on modification of lease contracts (refer note 30)	-	(8.43)	-	(1.25)
Provision/ liabilities no longer required, written back	(0.68)	-	(1.76)	(1.07)
Net foreign exchange differences	(2.97)	(8.02)	6.13	(3.80)
Gain on disposal of investments (net)	-	-	-	(0.12)
Net gain on disposal of property, plant and equipment	-	(0.55)	(0.01)	-
Finance income	(1.94)	(12.34)	(12.99)	(5.19)
Finance costs	3.85	18.70	32.27	38.05
<b>Operating profit before working capital changes</b>	<b>67.81</b>	<b>230.71</b>	<b>162.17</b>	<b>62.78</b>
Working capital adjustments :				
(Increase) / decrease in trade receivables	(127.17)	(114.70)	(115.83)	(15.71)
Decrease / (increase) in non-current and current other financial and other assets	7.04	29.52	20.21	(26.02)
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities and provisions	(16.84)	(90.44)	(44.48)	(18.93)
<b>Cash generated (used in) / from operations</b>	<b>(69.16)</b>	<b>55.09</b>	<b>22.07</b>	<b>2.12</b>
Direct taxes (paid) / refund	(13.41)	98.73	(16.50)	(62.41)
<b>Net cash flow (used in) / from operating activities (A)</b>	<b>(82.57)</b>	<b>153.82</b>	<b>5.57</b>	<b>(60.29)</b>
<b>B. Cash flow from / (used in) investing activities</b>				
Purchase of property, plant and equipment including intangible assets	(2.33)	(6.14)	(5.68)	(21.01)
Proceeds from sale of property, plant and equipment	-	1.04	0.01	-
Proceeds of sale of current investments (net)	-	-	-	1.03
Interest income received	1.84	3.72	4.11	1.41
Investment in bank deposits (margin money deposits)	(1.42)	(23.93)	(12.74)	(41.60)
<b>Net cash used in investing activities (B)</b>	<b>(1.91)</b>	<b>(25.31)</b>	<b>(14.30)</b>	<b>(60.17)</b>
<b>C. Cash flow from / (used in) financing activities</b>				
Proceeds from long-term borrowings	-	-	139.28	65.00
Repayment of long-term borrowings	-	(16.37)	(65.45)	(66.93)
Payment of principal and interest portion of lease liabilities	(3.82)	(23.33)	(37.77)	(46.22)
Settlement on cancellation of share option to employees	-	-	-	(3.24)
Proceeds / (repayment) from short term borrowings (net)	5.00	(31.81)	(23.00)	16.19
Finance costs paid	(1.41)	(8.12)	(26.11)	(27.76)
<b>Net cash used in financing activities (C)</b>	<b>(0.23)</b>	<b>(79.63)</b>	<b>(13.05)</b>	<b>(62.96)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(84.71)</b>	<b>48.88</b>	<b>(21.78)</b>	<b>(183.42)</b>
Cash and cash equivalents at the beginning of the period/ year	96.78	47.90	69.68	253.10
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>12.07</b>	<b>96.78</b>	<b>47.90</b>	<b>69.68</b>
<b>Components of cash and cash equivalents</b>				
Cash on hand (March 31, 2019: ₹2,658)	-	-	-	0.00
Balances with banks				
- On current accounts	12.07	96.78	47.90	69.68
<b>Total cash and cash equivalents (refer note 8)</b>	<b>12.07</b>	<b>96.78</b>	<b>47.90</b>	<b>69.68</b>
<b>Non-cash investing activities</b>				
Acquisition of right-of-use assets (refer note 30)	-	-	132.00	17.21

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**Annexure III**  
**Restated Summary Statement of Cash Flows**

**Explanatory notes to statements of cash flows**  
-Changes in liabilities arising from financing activities:-

	(₹ in Million)		
	Non-Current borrowings (refer note 12)	Current borrowings (refer note 12)	Lease liabilities (including current portion of lease liabilities) (refer note 30)
<b>As at April 01, 2021</b>	<b>73.15</b>	<b>118.15</b>	<b>6.12</b>
Cash flows	-	5.00	(3.82)
Accretion of interest on lease liabilities (refer note 30)	-	-	0.89
Foreign exchange fluctuations	1.18	1.18	-
<b>As at June 30, 2021</b>	<b>74.33</b>	<b>124.33</b>	<b>3.19</b>
<b>As at April 01, 2020 (As adjusted)</b>	<b>150.94</b>	<b>93.18</b>	<b>119.61</b>
Cash flows	-	(48.18)	(23.33)
Accretion of interest on lease liabilities (refer note 30)	-	-	3.96
Modification of lease liabilities (refer note 30)	-	-	(81.95)
Foreign exchange fluctuations	(2.32)	(2.32)	-
Re-classification of borrowings from non-current to current	(75.47)	75.47	-
Adjustment with security deposits	-	-	(12.17)
<b>As at March 31, 2021</b>	<b>73.15</b>	<b>118.15</b>	<b>6.12</b>
<b>As at April 01, 2019 (As Adjusted)</b>	<b>16.36</b>	<b>165.27</b>	<b>28.68</b>
Cash flows	139.28	(88.45)	(37.77)
Accretion of interest on lease liabilities (refer note 30)	-	-	5.55
Recognition of lease liabilities (refer note 30)	-	-	123.15
Foreign exchange fluctuations	11.66	-	-
Re-classification of borrowings from non-current to current	(16.36)	16.36	-
<b>As at March 31, 2020 (As Adjusted)</b>	<b>150.94</b>	<b>93.18</b>	<b>119.61</b>
<b>As at April 01, 2018 (As Adjusted)</b>	<b>37.50</b>	<b>129.87</b>	<b>72.08</b>
Cash flows	(1.93)	16.19	(46.22)
Accretion of interest on lease liabilities (refer note 30)	-	-	9.38
Recognition of lease liabilities (refer note 30)	-	-	15.77
Modification of lease liabilities (refer note 30)	-	-	(22.33)
Re-classification of borrowings from non-current to current	(19.21)	19.21	-
<b>As at March 31, 2019 (As Adjusted)</b>	<b>16.36</b>	<b>165.27</b>	<b>28.68</b>

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

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

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

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Aneesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

**Annexure IV**

**Restated Summary Statement of Changes in Equity**

**A. Equity share capital\***

Equity shares of ₹ 10 each issued, subscribed and fully paid

	Number (in Million)	(₹ in Million)
<b>For the three months period ended June 30, 2021</b>		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
<b>At April 01, 2021</b>	2.33	23.33
Issuance of share capital (refer note 10)	-	-
<b>At June 30, 2021</b>	<b>2.33</b>	<b>23.33</b>
<b>For the year ended March 31, 2021</b>		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
<b>At April 01, 2020 (As adjusted - refer note 1 below)</b>	2.33	23.33
Issuance of share capital (refer note 10)	-	-
<b>At March 31, 2021</b>	<b>2.33</b>	<b>23.33</b>
<b>For the year ended March 31, 2020 (As adjusted - refer note 1 below)</b>		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
<b>At April 01, 2019 (As adjusted - refer note 1 below)</b>	2.33	23.33
Issuance of share capital (refer note 10)	-	-
<b>At March 31, 2020 (As adjusted - refer note 1 below)</b>	<b>2.33</b>	<b>23.33</b>
<b>For the year ended March 31, 2019 (As adjusted - refer note 1 below)</b>		
Equity shares of ₹ 10 each issued, subscribed and fully paid		
<b>At April 01, 2018 (As adjusted - refer note 1 below)</b>	2.33	23.33
Issuance of share capital (refer note 10)	-	-
<b>At March 31, 2019 (As adjusted - refer note 1 below)</b>	<b>2.33</b>	<b>23.33</b>

**B. Other equity\*\***

Particulars	(₹ in Million)			
	Attributable to the equity shareholders			Total other equity
	Retained earnings	Capital contribution from parent	Securities Premium	
<b>Balance as at April 01, 2021</b>	(1,238.28)	590.19	949.72	301.63
Employee stock option expenses (refer note 29)	-	35.67	-	35.67
Restated profit for the three months period	25.28	-	-	25.28
Restated other comprehensive (loss)/ income for the three months period (net of taxes)**	(5.96)	-	-	(5.96)
<b>Total comprehensive income</b>	<b>19.32</b>	<b>-</b>	<b>-</b>	<b>19.32</b>
<b>Balance as at June 30, 2021</b>	<b>(1,218.96)</b>	<b>625.86</b>	<b>949.72</b>	<b>356.62</b>
<b>Balance as at April 01, 2020 (As adjusted - refer note 1 below)</b>	<b>(1,408.24)</b>	<b>554.49</b>	<b>949.72</b>	<b>95.97</b>
Employee stock option expenses (refer note 29)	-	35.70	-	35.70
Restated profit/ (loss) for the year	169.40	-	-	169.40
Restated other comprehensive (loss)/ income for the year (net of taxes)**	0.56	-	-	0.56
<b>Total comprehensive income</b>	<b>169.96</b>	<b>-</b>	<b>-</b>	<b>169.96</b>
<b>Balance as at March 31, 2021</b>	<b>(1,238.28)</b>	<b>590.19</b>	<b>949.72</b>	<b>301.63</b>
<b>Balance as at April 01, 2019 (As adjusted - refer note 1 below)</b>	<b>(1,421.51)</b>	<b>514.67</b>	<b>949.72</b>	<b>42.88</b>
Employee stock option expenses (refer note 29)	-	39.82	-	39.82
Restated profit/ (loss) for the year	2.06	-	-	2.06
Restated other comprehensive (loss)/ income for the year (net of taxes)**	11.21	-	-	11.21
<b>Total comprehensive income</b>	<b>13.27</b>	<b>-</b>	<b>-</b>	<b>13.27</b>
<b>Balance as at March 31, 2020 (As adjusted - refer note 1 below)</b>	<b>(1,408.24)</b>	<b>554.49</b>	<b>949.72</b>	<b>95.97</b>
<b>Balance as at April 01, 2018 (As adjusted - refer note 1 below)</b>	<b>(1,303.73)</b>	<b>450.63</b>	<b>949.72</b>	<b>96.62</b>
Employee stock option expenses (refer note 29)	-	67.28	-	67.28
Settlement on cancellation of share option to employees	-	(3.24)	-	(3.24)
Restated profit/ (loss) for the year	(116.68)	-	-	(116.68)
Restated other comprehensive (loss)/ income for the year (net of taxes)**	(1.10)	-	-	(1.10)
<b>Total comprehensive income</b>	<b>(117.78)</b>	<b>-</b>	<b>-</b>	<b>(117.78)</b>
<b>Balance as at March 31, 2019 (As adjusted - refer note 1 below)</b>	<b>(1,421.51)</b>	<b>514.67</b>	<b>949.72</b>	<b>42.88</b>

\*Also refer note 10

\*\*Also refer note 11

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

The above Statement should be read with the Annexure V - Significant accounting policies to Restated Summary Statements, Annexure VI - Statement of Restatement Adjustments to Audited Financial Statements and Annexure VII - Notes to Restated Summary Statements.

Note 1 - Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

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

Aneesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

## Annexure V

### Significant accounting policies and explanatory notes to Restated Summary Statements

#### 1. Corporate Information

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

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

The Restated Summary Statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on December 23, 2021.

#### 2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its Restated Summary Statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these Restated Summary Statements, unless otherwise indicated.

##### 2.1. Basis of preparation of Restated Summary Statements

The Restated Summary Statements of the Company comprise of the Restated Summary Statement of Assets and Liabilities as at June 30, 2021, March 31, 2021, March 31, 2020 (As Adjusted) and March 31, 2019 (As Adjusted), the related Restated Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Summary Statement of Cash Flows and the Restated Summary Statement of Changes in Equity for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 (As Adjusted) and March 31, 2019 (As Adjusted), and the Significant Accounting Policies and explanatory notes (collectively, the 'Restated Summary Statements' or 'Statements').

These Restated Summary Statements have been prepared by the Management as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018, in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP') in connection with its proposed initial public offering of equity shares of face value of Rs. 2 each of the Company comprising a fresh issue of equity shares and an offer for sale of equity shares held by the selling shareholders (the "Offer"), prepared by the Company in terms of the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time; and
- (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

The Restated Summary Statements have been compiled from:

- Audited Interim Ind AS financial statements of the Company as at and for the three months period ended June 30, 2021 prepared in accordance with the Indian Accounting Standard 34 (Ind AS 34) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on December 23, 2021. The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ending March 31, 2022. The Company has finalised the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 01, 2020;

Audited Financial Statements of the Company as at and for the year ended March 31, 2021 which were prepared in accordance with accounting principles generally accepted in India ("Indian GAAP") as prescribed under Section 133 of the Act read with Companies (Accounts) Rules, 2014 (as amended), which have been approved by the Board of Directors at their meeting held on July 30, 2021. The Management of the Company has adjusted financial information for the year ended March 31, 2021 included in such Indian GAAP financial statements using recognition and measurement principles of Ind AS as described in Note 36 of Annexure VII to the Restated Summary Statements to make them compliant with recognition and measurement principles of Ind AS.



**Annexure V**

**Significant accounting policies and explanatory notes to Restated Summary Statements**

Audited Financial Statements of the Company as at and for the year ended March 31, 2020 which were prepared in accordance with Indian GAAP as prescribed under Section 133 of the Act read with Companies (Accounts) Rules, 2014 (as amended) which have been approved by the Board of Directors at their meeting held on December 30, 2020. In accordance with the transition provision specified under Ind AS 101, the date of transition to Ind AS is April 01, 2020. In accordance with ICDR Regulations read with the Guidance Note, the Restated Summary Statements for the year ended March 31, 2020 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition (i.e. April 1, 2020) following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS ('Proforma Ind AS Summary Statements', referred to as "As Adjusted"). The Ind AS adjustments as described above are more fully described in Note 36 of Annexure VII to the Restated Summary Statements.

Audited Financial Statements of the Company as at and for the year ended March 31, 2019 which were prepared in accordance with Indian GAAP as prescribed under Section 133 of the Act read with Companies (Accounts) Rules, 2014 (as amended) which have been approved by the Board of Directors at their meeting held on September 28, 2019. In accordance with the transition provision specified under Ind AS 101, the date of transition to Ind AS is April 01, 2020. In accordance with ICDR Regulations read with the Guidance Note, the Restated Summary Statements for the year ended March 31, 2020 have been prepared after incorporating Ind AS adjustments (both re-measurements and reclassifications) to be made in accounting heads from their Accounting Standards values as on the date of transition (i.e. April 1, 2020) following accounting policies (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS ("As Adjusted"). The Ind AS adjustments as described above are more fully described in Note 36 of Annexure VII to the Restated Summary Statements.

The difference between equity balance computed for the years ended March 31, 2020 and March 31, 2019 (i.e. equity under Indian GAAP adjusted for impact of Ind AS 101 items and after considering profit or loss for the years ended March 31, 2020 and March 31, 2019, with adjusted impact due to Ind-AS principles ) and equity balance computed in opening Ind AS balance sheet as at transition date (i.e. April 01, 2020), prepared for filing under Companies Act, 2013 has been adjusted as a part of restated adjustments and carried forward to opening Ind AS Balance sheet as at transition date already adopted for reporting under Companies Act, 2013:-

This note provides a list of the significant accounting policies adopted in the preparation of these Restated Summary Statements. These policies have been consistently applied to all the years/ period presented, unless otherwise stated.

These Restated Summary Statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective as at June 30, 2021.

The Restated Summary Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS except for certain financial assets measured at fair value.

The Restated Summary Statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest million up to two decimals, except when otherwise indicated.

**Annexure V**

**Significant accounting policies and explanatory notes to Restated Summary Statements**

**2.2 Summary of significant accounting principles**

The accounting policies set out below have been applied consistently to the periods presented in these Restated Summary Statements.

**a. Current versus non-current classification**

The Company presents assets and liabilities in the Restated Summary Statement of Assets and Liabilities based on current/non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current

A liability is current when:

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

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

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

**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 Restated Summary 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

## Annexure V

### Significant accounting policies and explanatory notes to Restated Summary Statements

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

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

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

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

### c. Revenue recognition

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

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

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

#### Income from services

##### (i) Service Income from Group Companies:

The Company provides technical, analytical and other support services to the Group Companies and revenue is recognized on an accrual basis and at agreed mark-ups on costs incurred as per the terms of agreement.

##### (ii) Retainer services

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

##### (iii) Campaign services

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

##### (iv) Installation services

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

#### Other income

##### (i) Export benefits

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

##### (ii) Interest Income

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

**Annexure V**

**Significant accounting policies and explanatory notes to Restated Summary Statements**

**(iii) Dividend Income**

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

**Contract balances**

**Contract assets**

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

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

**Trade receivables**

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

**Capitalised contract costs**

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

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

**Contract liabilities**

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

**d. Taxes on income**

**Current income tax**

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

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

## Annexure V

### Significant accounting policies and explanatory notes to Restated Summary Statements

#### 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 Restated Summary 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 asset to be recovered.

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

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

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

#### e. Property, plant and equipment

As at adjusted date of transition to Ind AS i.e. April 01, 2018, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

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

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

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

## **Annexure V**

### **Significant accounting policies and explanatory notes to Restated Summary Statements**

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

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

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

#### **f. Intangible assets**

As at adjusted date of transition to Ind AS i.e. April 01, 2018, the Company has elected to continue with the carrying value of all of its intangible assets as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

#### **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.

## Annexure V

### Significant accounting policies and explanatory notes to Restated Summary Statements

#### 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 PPE and intangible assets determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less

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**Significant accounting policies and explanatory notes to Restated Summary Statements**

costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples other available fair value indicators.

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

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

When an impairment loss subsequently 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 statement of profit and loss

**j. Provisions and contingent liabilities**

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

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

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

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

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

Provisions and contingent liability are reviewed at each balance sheet.

**k. Retirement and other employee benefits**

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



## Annexure V

### Significant accounting policies and explanatory notes to Restated Summary Statements

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

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

The Company presents the leave as a current liability in the Restated Statement of Assets and liabilities, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

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

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

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

## I. Financial instruments

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

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

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.

**Annexure V**

**Significant accounting policies and explanatory notes to Restated Summary Statements**

**(i) Financial assets**

**Financial assets at amortised cost**

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

**Financial assets measured at fair value**

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

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

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

**Impairment of financial assets**

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

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

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

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

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

**De-recognition of financial assets**

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

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

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

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

**Annexure V**

**Significant accounting policies and explanatory notes to Restated Summary Statements**

**(ii) Financial liabilities and equity instruments**

**Classification as debt or equity**

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

**Equity Instruments**

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

**Financial Liabilities**

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

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

**b) De-recognition**

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

**Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Restated Summary Statement of Assets and Liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**n. Segment reporting**

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of Restated Summary 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".

**o. Cash and cash equivalents**

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

## **Annexure V**

### **Significant accounting policies and explanatory notes to Restated Summary Statements**

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

#### **p. Share-based payments**

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

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

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, 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 statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

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

#### **q. Dividend**

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **r. Foreign currencies**

The Restated Summary Statements are presented in INR, which is also the Company's functional currency.

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

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

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

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

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**Significant accounting policies and explanatory notes to Restated Summary Statements**

translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

**s. Corporate social responsibility ('CSR') expenditure**

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

**t. Earnings per share**

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

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

**2.3 Change in accounting policies and disclosures**

**New and amended new standard**

**(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The amendments are applicable for annual reporting periods beginning on or after the 01 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 01 April 2019. These amendments had no impact on the Restated Summary Statements of, nor is there expected to be any future impact to the Company.

**(ii) Amendments to Ind AS 103 Business Combinations**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 01 April 2020 and to asset acquisitions that occur on or after the beginning of that period. These amendments had no impact on the Restated Summary Statements of, nor is there expected to be any future impact to the Company.

**(iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Restated Summary Statements of, nor is there expected to be any future impact to the Company. These amendments are applicable prospectively for annual periods beginning on or after the 01 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's Restated Summary Statements.

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**Significant accounting policies and explanatory notes to Restated Summary Statements**

**(iv) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform**

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Restated Summary Statements of the Company as it does not have any interest rate hedge relationships. The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable prospectively for annual periods beginning on or after the 01 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's Restated Summary Statements.

Annexure VI

Part A: Statement of Restatement Adjustments to Audited Financial Statements

Reconciliation between audited profit and restated profit

(₹ in Million)					
Sr. No	Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted - Refer Note 1 below)	For the year ended March 31, 2019 (As adjusted - Refer Note 1 below)
A	Profit after tax (as per audited financial statements)	25.28	208.29	45.99	(54.09)
B	Adjustment for conversion from IGAAP to Ind AS / Adjusted Ind AS - refer note (i)	-	(38.89)	(43.93)	(62.59)
C	Restatement adjustments	-	-	-	-
D	Restated profit after tax (A + B+ C)	25.28	169.40	2.06	(116.68)

Reconciliation between total audited equity and total restated equity

(₹ in Million)					
Sr. No	Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted - Refer Note 1 below)	As at March 31, 2019 (As adjusted - Refer Note 1 below)
A	Audited equity	379.95	317.30	109.01	63.02
B	Adjustment for conversion from IGAAP to Ind AS / Adjusted Ind AS - refer note (i) below	-	7.66	10.29	3.19
C	Material restatement adjustments				
	(i) Audit qualifications	-	-	-	-
	(ii) Other material adjustments	-	-	-	-
	Total (C)	-	-	-	-
D	Total Equity as per Restated Summary Statement of Assets and Liabilities (A+B+C)	379.95	324.96	119.30	66.21

Note 1- Prepared after making suitable Ind AS adjustments as detailed in Note 2 of Annexure V.

Note (i) : Adjustment for conversion from IGAAP to Ind AS

The audited financial statements of the Company as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 were prepared in accordance with accounting principles generally accepted in India including the Companies accounting standard Rules, 2006 (as amended) specified under Section 133 of the Act and Companies (Accounts) Rules, 2014 (as amended). The same have been converted into Ind AS to conform with the accounting policies generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. For further details, refer Note 36 of Annexure VII for Ind AS adjustments of total comprehensive income for the years ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted) and for Equity as at March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted). Also refer note 36 for further details.

Part B: Material regrouping

Appropriate regroupings have been made in the Restated Summary Statements of Assets and Liabilities, Restated Summary Statements of Profit and Loss and Restated Summary Statements of Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Ind AS financial information of the Company for the three months period ended June 30, 2021 respectively prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

Part C: Non Adjusting items

Restated Summary Statements does not contain any qualifications requiring adjustments, however, auditor's reports for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 (As adjusted), includes emphasis of matters on a) impact of COVID-19 on operations of the Company and b) the adoption of Ind AS in the interim financial statements as at and for the period ended June 30, 2021 and other matter on comparative interim Ind AS financial information for the three months period ended June 30, 2020 not being subject to audit. Also qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act which do not require any corrective adjustments in the Restated Summary Statements are as follows:

As at and for the three months period ended June 30, 2021

(a) We draw attention to Note 39 to the accompanying interim Ind AS financial Statements for the three months period ended June 30, 2021, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the future business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.

The auditor's opinion is not modified in respect of these matters

(b) The auditor's report includes the following Other Matter Paragraphs -

(i) The comparative interim Ind AS financial information for the three months period ended June 30, 2020 presented in the accompanying interim Ind AS financial statements are based on information compiled by the management and were not subjected to an audit or independent review by a firm of chartered accountants.

As at and for the year ended March 31, 2021

(a) We draw attention to Note 35 to the financial Statements for the year ended March 31, 2021, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve. The auditor's opinion is not modified in respect of this matter.

As at and for the year ended March 31, 2020

(a) We draw attention to Note 34 to the financial Statements for the year ended March 31, 2020, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Coronavirus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve. The auditor's opinion is not modified in respect of this matter.

**Annexure VI**

**Part A: Statement of Restatement Adjustments to Audited Financial Statements**

**(B) Annexure to the Auditor's Report**

**As at and for the year ended March 31, 2021**

**Clause (i) (a)**

Except for tagging of property, plant and equipment, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

**Clause (i) (b)**

All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The material discrepancies identified on physical verification of property, plant and equipment by the management during the year have been properly dealt with in the books of accounts.

**Clause (vii) (a)**

Undisputed statutory dues including provident fund, employees state insurance, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of income tax in few cases.

**As at and for the year ended March 31, 2020**

**Clause (i) (b)**

Property, plant and equipment have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any

**Clause (vii) (a)**

Undisputed statutory dues including provident fund, employees state insurance, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of income tax in a few cases.

**As at and for the year ended March 31, 2019**

**Clause (vii) (a)**

Undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been significant delays in remittance of income tax in large number of cases.



Annexure VII

Notes to Restated Summary Statements

3 Property, plant and equipment

(₹ in Million)

Particulars	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	Total
<b>Gross Block (At cost / deemed cost)</b>					
<b>At April 01, 2018 (As adjusted)</b>	<b>13.04</b>	<b>1.62</b>	<b>2.49</b>	<b>2.13</b>	<b>19.28</b>
Additions	14.00	1.96	0.22	0.88	17.06
Disposals / discard	-	-	-	-	-
<b>At March 31, 2019 (As adjusted)</b>	<b>27.04</b>	<b>3.58</b>	<b>2.71</b>	<b>3.01</b>	<b>36.34</b>
Additions	2.10	0.07	0.49	-	2.66
Disposals / discard	-	(0.02)	(2.72)	-	(2.74)
<b>At March 31, 2020 (As adjusted)</b>	<b>29.14</b>	<b>3.63</b>	<b>0.48</b>	<b>3.01</b>	<b>36.26</b>
Additions	3.20	0.07	0.15	-	3.42
Disposals / discard	(2.47)	(3.46)	-	(2.51)	(8.44)
<b>At March 31, 2021</b>	<b>29.87</b>	<b>0.24</b>	<b>0.63</b>	<b>0.50</b>	<b>31.24</b>
Additions	0.61	-	-	-	0.61
Disposals / discard	(0.05)	-	-	-	(0.05)
<b>At June 30, 2021</b>	<b>30.43</b>	<b>0.24</b>	<b>0.63</b>	<b>0.50</b>	<b>31.80</b>
<b>Accumulated Depreciation</b>					
<b>At April 01, 2018 (As adjusted)</b>	-	-	-	-	-
Charge for the year	13.61	0.88	1.78	0.53	16.80
Disposals / discard	-	-	-	-	-
<b>At March 31, 2019 (As adjusted)</b>	<b>13.61</b>	<b>0.88</b>	<b>1.78</b>	<b>0.53</b>	<b>16.80</b>
Charge for the year	8.74	1.24	1.01	0.64	11.63
Disposals / discard	-	(0.02)	(2.72)	-	(2.74)
<b>At March 31, 2020 (As adjusted)</b>	<b>22.35</b>	<b>2.10</b>	<b>0.07</b>	<b>1.17</b>	<b>25.69</b>
Charge for the year	4.83	1.36	0.56	0.91	7.66
Disposals / discard	(2.47)	(3.46)	-	(2.03)	(7.96)
<b>At March 31, 2021</b>	<b>24.71</b>	-	<b>0.63</b>	<b>0.05</b>	<b>25.39</b>
Charge for the three months period	0.57	0.03	-	0.06	0.66
Disposals / discard	(0.05)	-	-	-	(0.05)
<b>At June 30, 2021</b>	<b>25.23</b>	<b>0.03</b>	<b>0.63</b>	<b>0.11</b>	<b>26.00</b>
<b>Net book value</b>					
<b>At March 31, 2019 (As adjusted)</b>	<b>13.43</b>	<b>2.70</b>	<b>0.93</b>	<b>2.48</b>	<b>19.54</b>
<b>At March 31, 2020 (As adjusted)</b>	<b>6.79</b>	<b>1.53</b>	<b>0.41</b>	<b>1.84</b>	<b>10.57</b>
<b>At March 31, 2021</b>	<b>5.16</b>	<b>0.24</b>	-	<b>0.45</b>	<b>5.85</b>
<b>At June 30, 2021</b>	<b>5.20</b>	<b>0.21</b>	-	<b>0.39</b>	<b>5.80</b>

1. On transition to Ind AS (i.e., April 01, 2020), the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of respective items of property, plant and equipment. For these property, plant and equipment, the Company has taken deemed cost exemption as of adjusted Ind AS transition date of April 01, 2018 for Restated Summary Statements (As adjusted for Ind AS adjustments) for the years ended March 31, 2020 and March 31, 2019.

4 Intangible assets

(₹ in Million)

Particulars	Computer software	Total
<b>Gross Block (At cost / deemed cost)</b>		
<b>At April 01, 2018 (As adjusted)</b>	<b>0.44</b>	<b>0.44</b>
Additions	1.60	1.60
Disposals / discard	-	-
<b>At March 31, 2019 (As adjusted)</b>	<b>2.04</b>	<b>2.04</b>
Additions	3.36	3.36
Disposals / discard	-	-
<b>At March 31, 2020 (As adjusted)</b>	<b>5.40</b>	<b>5.40</b>
Additions	1.80	1.80
Disposals / discard	(0.06)	(0.06)
<b>At March 31, 2021</b>	<b>7.14</b>	<b>7.14</b>
Additions	-	-
Disposals / discard	-	-
<b>At June 30, 2021</b>	<b>7.14</b>	<b>7.14</b>
<b>Accumulated Amortisation</b>		
<b>At April 01, 2018 (As adjusted)</b>	-	-
Charge for the year	0.02	0.02
Disposals / discard	-	-
<b>At March 31, 2019 (As adjusted)</b>	<b>0.02</b>	<b>0.02</b>
Charge for the year	1.09	1.09
Disposals / discard	-	-
<b>At March 31, 2020 (As adjusted)</b>	<b>1.11</b>	<b>1.11</b>
Charge for the year	2.60	2.60
Disposals / discard	(0.06)	(0.06)
<b>At March 31, 2021</b>	<b>3.65</b>	<b>3.65</b>
Charge for the three months period	0.39	0.39
Disposals / discard	-	-
<b>At June 30, 2021</b>	<b>4.04</b>	<b>4.04</b>
<b>Net book value</b>		
<b>At March 31, 2019 (As adjusted)</b>	<b>2.02</b>	<b>2.02</b>
<b>At March 31, 2020 (As adjusted)</b>	<b>4.29</b>	<b>4.29</b>
<b>At March 31, 2021</b>	<b>3.49</b>	<b>3.49</b>
<b>At June 30, 2021</b>	<b>3.10</b>	<b>3.10</b>

1. On transition to Ind AS (i.e., April 01, 2020), the Company has elected to continue with the carrying value of all intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of respective items of intangible assets. For these intangible assets, the Company has taken deemed cost exemption as of adjusted Ind AS transition date of April 01, 2018 for Restated Summary Statements (As adjusted for Ind AS adjustments) for the years ended March 31, 2020 and March 31, 2019.

Annexure VII  
Notes to Restated Summary Statements

5 Financial Assets

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Unsecured considered good unless otherwise stated</b>				
<b>Non-current</b>				
<b>Other financial assets</b>				
<b>Financial instruments at amortised cost</b>				
Security deposits	-	-	11.78	4.37
Non-current bank balances (refer note 8)	88.68	87.26	63.33	50.59
<b>Total other non-current financial assets</b>	<b>88.68</b>	<b>87.26</b>	<b>75.11</b>	<b>54.96</b>
<b>Current</b>				
<b>Loans</b>				
Loans to employees <sup>1</sup>	4.11	0.30	1.31	3.95
	<b>4.11</b>	<b>0.30</b>	<b>1.31</b>	<b>3.95</b>
<b>Other financial assets</b>				
<b>Financial instruments at amortised cost</b>				
<b>Security deposits</b>				
Security deposits - others	3.81	3.81	9.07	32.04
Security deposits - credit impaired	0.63	0.63	-	-
	<b>4.44</b>	<b>4.44</b>	<b>9.07</b>	<b>32.04</b>
Less: Impairment allowance for security deposits	(0.63)	(0.63)	-	-
<b>(A)</b>	<b>3.81</b>	<b>3.81</b>	<b>9.07</b>	<b>32.04</b>
Other receivables from related parties (refer notes 32 and 40) <sup>3</sup>	-	-	8.79	8.11
Interest accrued on fixed deposits	0.48	0.38	0.34	-
Unbilled revenue <sup>2</sup>	11.23	19.00	19.41	31.36
<b>(B)</b>	<b>11.71</b>	<b>19.38</b>	<b>28.54</b>	<b>39.47</b>
<b>Total other current financial assets</b>	<b>(A+B)</b>	<b>23.19</b>	<b>37.61</b>	<b>71.51</b>

1. Loans to employees are unsecured, interest free, repayable on instalments which is generally 6 months and to be settled in cash. No loans are due from directors or other officers of the Company either severally or jointly with any other person nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.

2. Unbilled revenue consists of contract assets, that primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional and is current but not due.

3. Other receivables from related parties are non-interest bearing and are generally on terms of upto 90 days.

6 Non-current tax assets (net)

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Advance income-tax (net of provision for current taxation)	54.17	41.19	136.46	117.10
<b>Total</b>	<b>54.17</b>	<b>41.19</b>	<b>136.46</b>	<b>117.10</b>

Annexure VII  
Notes to Restated Summary Statements

7 Trade receivables

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Trade receivables - Others <sup>2</sup>	131.77	145.50	184.24	177.19
Trade receivables - Receivable from related parties <sup>1,2</sup>	519.37	373.60	213.14	142.54
<b>Total trade receivables</b>	<b>651.14</b>	<b>519.10</b>	<b>397.38</b>	<b>319.73</b>
<b>Break-up for security details:</b>				
Trade receivables - Unsecured, considered good	651.14	519.10	397.38	319.73
Trade receivables - Unsecured, credit impaired <sup>3</sup>	25.62	25.62	52.06	45.98
<b>(A)</b>	<b>676.76</b>	<b>544.72</b>	<b>449.44</b>	<b>365.71</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>				
Trade receivables - Unsecured, credit impaired <sup>3</sup>	(25.62)	(25.62)	(52.06)	(45.98)
<b>(B)</b>	<b>(25.62)</b>	<b>(25.62)</b>	<b>(52.06)</b>	<b>(45.98)</b>
<b>Total</b>	<b>(A + B) 651.14</b>	<b>519.10</b>	<b>397.38</b>	<b>319.73</b>

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 32.

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

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

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Expected credit loss allowance</b>				
<b>At the beginning of the period / year</b>	25.62	52.06	45.98	29.72
Provision made during the period / year	0.46	-	43.47	22.95
(Utilised) / (reversed) during the period / year	(0.46)	(26.44)	(37.39)	(6.69)
<b>At the end of the period / year</b>	<b>25.62</b>	<b>25.62</b>	<b>52.06</b>	<b>45.98</b>

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Annexure VII  
Notes to Restated Summary Statements

7.1 Trade receivables ageing schedule

As at June 30, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	-	651.14	-	-	-	-	651.14
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	4.83	10.49	3.91	0.09	6.30	25.62
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>655.97</b>	<b>10.49</b>	<b>3.91</b>	<b>0.09</b>	<b>6.30</b>	<b>676.76</b>

As at March 31, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	-	509.69	9.08	0.33	-	-	519.10
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	9.19	8.96	1.13	0.04	6.30	25.62
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>518.88</b>	<b>18.04</b>	<b>1.46</b>	<b>0.04</b>	<b>6.30</b>	<b>544.72</b>

As at March 31, 2020 (As adjusted)

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	-	389.89	6.88	0.49	0.12	-	397.38
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	27.32	12.82	4.01	1.05	6.86	52.06
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>417.21</b>	<b>19.70</b>	<b>4.50</b>	<b>1.17</b>	<b>6.86</b>	<b>449.44</b>

As at March 31, 2019 (As adjusted)

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade receivables - considered good	-	318.44	1.29	-	-	-	319.73
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	10.25	9.27	18.07	8.39	-	45.98
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>328.69</b>	<b>10.56</b>	<b>18.07</b>	<b>8.39</b>	-	<b>365.71</b>

\*The management has considered transaction date as the basis for determining the aging of Trade receivables.

Annexure VII  
Notes to Restated Summary Statements

8 Cash and cash equivalents

(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
a) Balances with banks				
On current accounts	12.07	96.78	47.90	69.68
Cash on hand (refer note 47)	-	-	-	0.00
(A)	<b>12.07</b>	<b>96.78</b>	<b>47.90</b>	<b>69.68</b>
b) Other bank balances				
Margin money deposits*	88.68	87.26	63.33	50.59
(B)	<b>88.68</b>	<b>87.26</b>	<b>63.33</b>	<b>50.59</b>
Amount disclosed under other non-current financial assets (refer note 5)	(88.68)	(87.26)	(63.33)	(50.59)
(C)				
(A+B+C)	<b>12.07</b>	<b>96.78</b>	<b>47.90</b>	<b>69.68</b>

\*These are lien against short-term borrowings from a bank (refer note 12)

9 Other assets

(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Non-current				
Others (Unsecured, considered good)				
Capitalised contract costs*	0.96	1.72	6.13	2.63
	<b>0.96</b>	<b>1.72</b>	<b>6.13</b>	<b>2.63</b>
Current				
Advances other than capital advances				
Unsecured, considered good	-	0.69	4.59	6.00
Others (Unsecured, considered good)				
Capitalised contract costs*	4.13	4.68	6.07	1.50
Prepaid expenses	10.47	12.24	10.73	14.13
Balance with statutory/ government authorities	1.55	1.55	-	-
	<b>16.15</b>	<b>19.16</b>	<b>21.39</b>	<b>21.63</b>

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

(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Capitalised contract costs				
At the beginning of the period / year	6.40	12.20	4.13	2.84
Additions during the period / year	0.01	2.47	13.03	4.63
Amortised during the period / year	(1.32)	(6.64)	(4.96)	(3.34)
Other adjustments	-	(1.63)	-	-
At the end of the period / year	<b>5.09</b>	<b>6.40</b>	<b>12.20</b>	<b>4.13</b>
The same is shown under:				
Current	4.13	4.68	6.07	1.50
Non-current	0.96	1.72	6.13	2.63

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Annexure VII  
Notes to Restated Summary Statements

10 Equity share capital

Authorised share Capital

Equity shares of ₹ 10 each

As at April 01, 2018 (As adjusted)  
Increase/ decrease during the year  
As at March 31, 2019 (As adjusted)  
Increase/ decrease during the year  
As at March 31, 2020 (As adjusted)  
Increase/ decrease during the year  
As at March 31, 2021  
Increase/ decrease during the three months period  
As at June 30, 2021

Equity Shares	
Number (in Million)	₹ in Million
2.50	25.00
-	-
2.50	25.00
-	-
2.50	25.00
-	-
2.50	25.00
-	-
2.50	25.00

(a) Issued equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

As at April 01, 2018 (As adjusted)  
Changes during the year  
As at March 31, 2019 (As adjusted)  
Changes during the year  
As at March 31, 2020 (As adjusted)  
Changes during the year  
As at March 31, 2021  
Changes during the three months period  
As at June 30, 2021

Number (in Million)	₹ in Million
2.33	23.33
-	-
2.33	23.33
-	-
2.33	23.33
-	-
2.33	23.33
-	-
2.33	23.33

(b) Terms / rights attached to equity shares

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

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

(c) Shares held by the Holding / Ultimate Holding Company and / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by its Holding Company, Ultimate Holding Company and their subsidiaries / associates are as below:-

Name of the shareholder

Capillary Technologies International Pte Ltd, Singapore, the Holding Company<sup>1,2</sup>

2.33 Million (March 31, 2021: 2.33 Million, March 31, 2020: 2.33 Million and March 31, 2019: 2.33 Million) equity shares of ₹10 each fully paid

(₹ in Million)			
As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)

23.33 23.33 23.33 23.33

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

Name of the shareholder

Equity shares of ₹10 each, fully paid

Capillary Technologies International Pte Ltd, Singapore, the Holding Company<sup>1,2</sup>

June 30, 2021		March 31, 2021	
No. of shares held (in Million)	% holding in the class	No. of shares held (in Million)	% holding in the class

2.33 100.00% 2.33 100.00%

Name of the shareholder

Equity shares of ₹10 each, fully paid

Capillary Technologies International Pte Ltd, Singapore, the Holding Company<sup>1,2</sup>

March 31, 2020 (As adjusted)		March 31, 2019 (As adjusted)	
No. of shares held (in Million)	% holding in the class	No. of shares held (in Million)	% holding in the class

2.33 100.00% 2.33 100.00%

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

- Includes 1 share held by Abhijeet Vijayvergiya (as a nominee)
- Promoter as per Section 2(69) of the Companies Act, 2013.

(e) Subsequent to the balance sheet date, the Company has issued equity and preference shares by way of rights issue and private placement Refer note 38(3) and 38(4).

Shares reserved for issue under options

(f) Subsequent to the balance sheet date, the Company has adopted Capillary Employee Stock Option Scheme- 2021. Refer note 38(4) for further details.

(g) Subsequent to the balance sheet date, the Company has increased its authorised share capital. Further the Company has 'sub-divided' the shares into face value of ₹ 2 per share and has further issued bonus shares. Refer note 38(1) and 38(2) for further details.

Annexure VII  
Notes to Restated Summary Statements

11 Other Equity

	₹ in Million
<b>Securities premium</b>	
At April 01, 2018 (As adjusted)	949.72
At March 31, 2019 (As adjusted)	949.72
At March 31, 2020 (As adjusted)	949.72
At March 31, 2021	949.72
At June 30, 2021	949.72
<b>Capital contribution from parent</b>	
At April 01, 2018 (As adjusted)	450.63
Employee stock option expenses (refer note 29)	67.28
Settlement on cancellation of share option to employees	(3.24)
At March 31, 2019 (As adjusted)	514.67
Employee stock option expenses (refer note 29)	39.82
At March 31, 2020 (As adjusted)	554.49
Employee stock option expenses (refer note 29)	35.70
At March 31, 2021	590.19
Employee stock option expenses (refer note 29)	35.67
At June 30, 2021	625.86
<b>Retained Earnings<sup>1</sup></b>	
Balance as at April 01, 2018 (As adjusted)	(1,303.73)
Profit/ (loss) for the year	(116.68)
Add: Re-measurement gains / (losses) on defined benefit plans	(1.10)
Balance as at March 31, 2019 (As adjusted)	(1,421.51)
Profit/ (loss) for the year	2.06
Add: Re-measurement gains / (losses) on defined benefit plans	11.21
Balance as at March 31, 2020 (As adjusted)	(1,408.24)
Profit/ (loss) for the year	169.40
Add: Re-measurement gains / (losses) on defined benefit plans	0.56
Balance as at March 31, 2021	(1,238.28)
Profit/ (loss) for the three months period	25.28
Add: Re-measurement gains / (losses) on defined benefit plans	(5.96)
Balance as at June 30, 2021	(1,218.96)
<b>Total Other Equity</b>	
Balance as at April 01, 2018 (As adjusted)	96.62
Balance as at March 31, 2019 (As adjusted)	42.88
Balance as at March 31, 2020 (As adjusted)	95.97
Balance as at March 31, 2021	301.63
Balance as at June 30, 2021	356.62

1. The Company had incurred losses including cash losses in the earlier years which resulted in substantial erosion of networth of the Company. Though the networth of the Company was substantially eroded, the management of the Company basis its business plan as approved by the Board of Directors expects that there will be a significant increase in the operations of the Company that will lead to improved cash flows and long-term sustainability and the Company will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. In the meantime, the Holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. Accordingly, the Restated Summary Statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

**Nature and purpose of reserves**

**11.1 Securities premium**

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

**11.2 Capital contribution from parent**

Capillary Technologies India Limited's Holding Company has a share option scheme under which it grants employee stock options to certain employees of the Company without any cross charge. Capital contribution from parent is used to recognise the value of equity-settled share-based payments provided to employees of the Company, including key management personnel, as part of their remuneration by the Holding Company. Refer Note 29 for further details.

**11.3 Retained earnings**

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

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Annexure VII  
Notes to Restated Summary Statements

12 Borrowings

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Non-current</b>				
<b>Loans from related parties:</b>				
External Commercial Borrowing ('ECB') from Holding Company (unsecured) <sup>2</sup> (refer note 32)	74.33	73.15	150.94	-
<b>Term loans from Body Corporate:</b>				
Indian rupee term loans from Body Corporate - NBFC (secured) <sup>1</sup>	-	-	-	16.36
<b>Total</b>	<b>74.33</b>	<b>73.15</b>	<b>150.94</b>	<b>16.36</b>
<b>Current</b>				
<b>Current maturities of long-term borrowings:</b>				
<b>Loans from related parties:</b>				
External Commercial Borrowing ('ECB') from Holding Company (unsecured) <sup>2</sup> (refer note 32)	74.33	73.15	-	-
<b>Term loans from Body Corporate:</b>				
Indian rupee term loans from Body Corporate - NBFC (secured) <sup>1</sup>	-	-	16.37	65.46
<b>Short-term borrowings:</b>				
Bank overdraft (secured) <sup>4</sup>	50.00	45.00	-	-
Working Capital loans from a bank (secured) <sup>3</sup>	-	-	76.81	99.81
<b>Total</b>	<b>124.33</b>	<b>118.15</b>	<b>93.18</b>	<b>165.27</b>
<b>The above amount includes</b>				
Secured borrowings	50.00	45.00	93.18	181.63
Unsecured borrowings	148.66	146.30	150.94	-

1. Indian rupee term loans from Body Corporate - NBFC of ₹ Nil is outstanding as at June 30, 2021 (March 31, 2021 : ₹ Nil, March 31, 2020 : ₹ 16.37 Million and March 31, 2019 : ₹ 81.82 Million) which carried interest of 14.50% per annum and was payable on a monthly basis. These loans were secured by hypothecation of existing, future, fixed and current asset, including any and all intellectual property and the intellectual property rights with respect to these movables present and future, accounts, cash flows, receivables, book debts, revenues, equipment, inventory, contract rights or rights to payments of money, leases, license agreements, franchise agreements, goodwill, uncalled capital, general intangibles, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or to be stored in or about the Company's factories, premises and godowns held by any party to the order or disposition of the Company, including in the course of transits, whether in ship or land, and all Company's books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing and was guaranteed by way of a letter of guarantee from Capillary Technologies International Pte Ltd, Singapore, the Holding Company. The loan was repaid in full during the year ended March 31, 2021.

2. During the year ended March 31, 2019, the Company had entered into an External Commercial Borrowing ('ECB') arrangement with Capillary Technologies International Pte Ltd, Singapore, the Holding Company for a maximum credit amount of USD 20,000,000. During the year ended March 31, 2020, the Company had taken loan, out of the said arrangement from the Holding Company amounting to USD 2,000,000 carrying interest at the rate of 6 months LIBOR rate plus 300 basis points per annum payable on an annual basis at the end of each financial year. The aforesaid loan is repayable in two equal instalments on March 31, 2022 and September 30, 2022 respectively.

3. Working capital loan from a bank on sales invoice discounting carries interest @ 3 months MCLR plus spread of 1.05% per annum (March 31, 2021: 3 months MCLR plus spread of 1.05% per annum, March 31, 2020 and March 31, 2019: MCLR plus spread of 1.05% per annum) and is payable in 90 days from the date of disbursement of loan. These loans are secured by way of exclusive charge on the entire current assets (including receivables) of the Company, both present and future and fixed deposits of ₹ 85 million (including 100% cash margin for overdraft facility) to be kept under the bank's lien. This loan is also secured by way of corporate guarantee given from Capillary Technologies International Pte Ltd, Singapore, the Holding Company to the extent of ₹120 Million. (March 31, 2021 : ₹ 120 Million, March 31, 2020: ₹ 150 Million, March 31, 2019: ₹ 120 Million).

4. Bank overdraft facility from a bank carries interest @ 3 months Marginal Cost Lending Rate ('MCLR') plus spread of 0.60% per annum and is payable on demand. This loan is secured by 100% cash margin by way of fixed deposits placed under lien in favour of the bank. As at June 30, 2021 and March 31, 2021, the Company has defaulted in the payment of interest of ₹ 0.86 Million and ₹ 0.61 Million respectively.

13 Net employee defined benefit liabilities

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Non-current</b>				
<b>Provision for employee benefits:</b>				
Provision for gratuity (refer note 28)	38.76	22.54	19.62	20.86
	<b>38.76</b>	<b>22.54</b>	<b>19.62</b>	<b>20.86</b>
<b>Current</b>				
<b>Provision for employee benefits:</b>				
Provision for gratuity (refer note 28)	3.71	12.22	16.81	25.84
	<b>3.71</b>	<b>12.22</b>	<b>16.81</b>	<b>25.84</b>

14 Provisions

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Current</b>				
<b>Provision for employee benefits:</b>				
Provision for compensated absences	14.99	13.58	16.07	14.53
	<b>14.99</b>	<b>13.58</b>	<b>16.07</b>	<b>14.53</b>



Annexure VII  
Notes to Restated Summary Statements

15 Other financial liabilities

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>At amortised cost</b>				
Accrued salaries and benefits	10.49	56.35	58.79	85.80
Interest accrued on borrowings (refer note 32)	9.69	8.14	1.52	0.91
Payable towards capital goods - dues to micro enterprises and small enterprises (refer note 17)	0.52	2.13	0.68	0.09
Payable towards capital goods - dues to creditors other than micro enterprises and small enterprises	-	0.11	2.48	2.73
	<b>20.70</b>	<b>66.73</b>	<b>63.47</b>	<b>89.53</b>

16 Other liabilities

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Current</b>				
Contract liabilities - Deferred revenue	66.58	54.21	56.76	30.95
Advance from customers	0.61	0.40	1.08	2.42
Statutory dues payable	21.26	26.32	26.39	24.61
	<b>88.45</b>	<b>80.93</b>	<b>84.23</b>	<b>57.98</b>

17 Trade payables

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>At amortised cost</b>				
Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>	2.09	3.08	1.80	0.85
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 32) <sup>1</sup>	113.14	94.49	176.87	225.32
	<b>115.23</b>	<b>97.57</b>	<b>178.67</b>	<b>226.17</b>
<b>The above amount includes:</b>				
Trade payables to related parties (refer note 32)	1.92	1.89	-	52.75
Trade payables to others	113.31	95.68	178.67	173.42
	<b>115.23</b>	<b>97.57</b>	<b>178.67</b>	<b>226.17</b>

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

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

17.1 Disclosure as per the MSMED Act, 2006

**The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period / year:**

- Principal amount due to micro and small enterprises (refer note 15) (includes ₹ 0.52 Million [March 31, 2021; ₹ 2.13 Million, March 31, 2020; ₹ 0.68 Million, March 31, 2019; ₹0.09 Million] disclosed under other financial liabilities)

- 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 period / 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 period / 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 period / 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

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
	2.61	5.21	2.48	0.94
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

Annexure VII  
Notes to Restated Summary Statements

17.2 Trade Payables Ageing Schedule

(₹ in Million)						
As at June 30, 2021						
Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	2.09	-	-	-	2.09
Total outstanding dues of creditors other than micro enterprises and small enterprises	38.68	71.09	3.37	-	-	113.14
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>38.68</b>	<b>73.18</b>	<b>3.37</b>	<b>-</b>	<b>-</b>	<b>115.23</b>
As at March 31, 2021						
Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	3.08	-	-	-	3.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	24.86	69.63	-	-	-	94.49
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>24.86</b>	<b>72.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97.57</b>
As at March 31, 2020 (As adjusted)						
Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	1.80	-	-	-	1.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	30.56	146.31	-	-	-	176.87
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>30.56</b>	<b>148.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178.67</b>
As at March 31, 2019 (As adjusted)						
Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	0.85	-	-	-	0.85
Total outstanding dues of creditors other than micro enterprises and small enterprises	31.15	141.42	52.75	-	-	225.32
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>31.15</b>	<b>142.27</b>	<b>52.75</b>	<b>-</b>	<b>-</b>	<b>226.17</b>

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Annexure VII  
Notes to Restated Summary Statements

18 Revenue from operations

(a) Sale of services

Service income from group companies (refer note 32)  
Installation income from external customers  
Retainership and other income from external customers  
Income from campaign services

(A)

(b) Other operating revenue

(B)

Total revenue from operations

(C=A+B)

India  
Outside India  
Total revenue from operations

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
211.85	611.35	888.30	966.17
13.78	43.59	24.86	39.95
91.68	402.24	492.28	438.34
14.35	91.85	255.79	280.30
<b>331.66</b>	<b>1,149.03</b>	<b>1,661.23</b>	<b>1,724.76</b>
-	-	-	6.72
<b>331.66</b>	<b>1,149.03</b>	<b>1,661.23</b>	<b>1,731.48</b>
119.81	537.68	772.93	765.31
211.85	611.35	888.30	966.17
<b>331.66</b>	<b>1,149.03</b>	<b>1,661.23</b>	<b>1,731.48</b>

18.1 Timing of revenue recognition

Services transferred over time  
Services transferred at a point in time

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
317.31	1,057.18	1,405.44	1,451.18
14.35	91.85	255.79	280.30
<b>331.66</b>	<b>1,149.03</b>	<b>1,661.23</b>	<b>1,731.48</b>

18.2 Contract Balances

Trade receivables:

-Current (Gross)  
- Impairment allowance

Contract assets:-

Unbilled revenue:  
-Current

Contract liabilities:-

Deferred revenue:  
-Current

Advance from customers:

-Current

(₹ in Million)			
As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
676.76	544.72	449.44	365.71
(25.62)	(25.62)	(52.06)	(45.98)
11.23	19.00	19.41	31.36
66.58	54.21	56.76	30.95
0.61	0.40	1.08	2.42

1. Movement in Contract Balances - Unbilled Revenue

Opening balance

Add: Satisfied performance obligations not invoiced  
Less: Contract assets invoiced

Closing balance

(₹ in Million)			
As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>19.00</b>	<b>19.41</b>	<b>31.36</b>	<b>20.23</b>
11.23	19.00	19.41	31.36
(19.00)	(19.41)	(31.36)	(20.23)
<b>11.23</b>	<b>19.00</b>	<b>19.41</b>	<b>31.36</b>

1. Movement in Contract Liabilities - Deferred Revenue

Opening balance

Add: Revenue to be recognized from performance obligations to be satisfied in succeeding years  
Less: Revenue recognized that was included in contract liability at the beginning of the year

Closing balance

(₹ in Million)			
As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>54.21</b>	<b>56.76</b>	<b>30.95</b>	<b>15.12</b>
61.01	54.21	56.76	30.95
(48.64)	(56.76)	(30.95)	(15.12)
<b>66.58</b>	<b>54.21</b>	<b>56.76</b>	<b>30.95</b>

19 Other income

Export incentives  
Provisions/liabilities no longer required written back (refer note 32)  
Provision for doubtful trade receivables and advances, no longer required written back  
Net gain on disposal of financial instruments  
Net gain on disposal of property, plant and equipment  
Gain on account of foreign exchange fluctuations (net)  
Net gain on modification of lease contracts (refer note 30)  
Other non-operating income

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
-	49.23	-	-
0.68	-	1.76	1.07
-	3.65	-	-
-	-	-	0.12
-	0.55	0.01	-
2.72	7.64	-	10.18
-	8.43	-	1.25
-	0.70	-	0.17
<b>3.40</b>	<b>70.20</b>	<b>1.77</b>	<b>12.79</b>

Annexure VII  
Notes to Restated Summary Statements

20 Finance income

Interest income on bank deposits  
Interest income on income tax refund  
Interest income on security deposits

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
1.94	3.76	4.45	1.41
-	8.58	5.30	-
-	-	3.24	3.78
<b>1.94</b>	<b>12.34</b>	<b>12.99</b>	<b>5.19</b>

21 Employee benefit expenses

Salaries, wages and bonus  
Sales commission expenses  
Contribution to provident and other funds (refer note 28)  
Employee stock option expenses (refer note 29)  
Gratuity expenses (refer note 28)  
Staff welfare expenses  
Staff training and recruitment expenses

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
184.03	644.28	883.59	848.87
1.32	6.64	4.96	3.34
1.90	7.90	12.70	14.04
35.67	35.70	39.82	67.28
2.68	10.50	11.95	13.69
2.65	12.62	28.88	34.83
0.60	1.14	0.58	6.39
<b>228.85</b>	<b>718.78</b>	<b>982.48</b>	<b>988.44</b>

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

22 Depreciation and amortisation expenses

Depreciation of property, plant and equipment (refer note 3)  
Amortisation of intangible assets (refer note 4)  
Depreciation of right-of-use assets (refer note 30)

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
0.66	7.66	11.63	16.80
0.39	2.60	1.09	0.02
5.97	23.89	36.93	44.68
<b>7.02</b>	<b>34.15</b>	<b>49.65</b>	<b>61.50</b>

23 Finance costs

Interest on debts and borrowings (refer note 32)  
Interest on lease liabilities (refer note 30)  
Interest - others  
Bank charges

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
1.97	11.11	19.40	23.28
0.89	3.96	5.55	9.38
-	1.61	3.75	0.46
0.99	2.02	3.57	4.93
<b>3.85</b>	<b>18.70</b>	<b>32.27</b>	<b>38.05</b>

24 Other expenses

Travelling and conveyance  
Rent (refer note 30)  
Communication costs  
Payment to Auditor\*  
Power and fuel  
Provision for doubtful trade receivables and advances (including bad debts written off)  
Advances/ deposits written off  
Selling and marketing expenses  
Repairs and maintenance - others  
Loss on account of foreign exchange fluctuations (net)  
Rates and taxes (refer note 47)  
Software and server charges  
Miscellaneous expenses

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
0.17	2.53	63.11	119.68
0.02	6.59	11.92	0.32
1.17	5.06	12.67	21.86
5.00	2.17	1.87	2.14
-	0.01	8.91	12.15
0.46	-	43.47	22.95
1.12	5.75	3.53	1.11
2.58	11.04	18.00	41.46
0.52	1.73	11.88	8.10
-	-	1.54	-
0.00	1.95	0.33	1.12
7.04	34.77	50.71	70.21
1.37	6.66	11.97	21.71
<b>19.45</b>	<b>78.26</b>	<b>239.91</b>	<b>322.81</b>

\*Payment to Auditor (exclusive of goods and services tax)

As auditor:  
Audit fees

In other capacity:  
Reimbursement of expenses

(₹ in Million)			
For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
5.00	2.00	1.70	2.00
-	0.17	0.17	0.14
<b>5.00</b>	<b>2.17</b>	<b>1.87</b>	<b>2.14</b>

Annexure VII  
Notes to Restated Summary Statements

25 Income tax

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

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies had the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the projections had adopted the reduced rates of tax as per the Income Tax Act, 1961 from the April 01, 2020.

Income tax expenses in the statement of profit and loss consist of the following:

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
(a) Current tax	-	-	-	-
(b) Deferred tax charge/ (credit)*	-	-	-	-
	-	-	-	-

\* Deferred tax is not recognised since it is not probable that the taxable profit will be available against which the unutilised tax losses and temporary differences can be utilised, as assessed at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

Expiry dates of unabsorbed losses

Financial Year ending	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
March 31, 2021	-	-	46.72	72.58
March 31, 2022	-	-	64.52	64.52
March 31, 2023	-	-	24.84	24.84
March 31, 2024	5.58	84.21	132.35	132.35
March 31, 2025	191.92	191.92	191.92	191.92
March 31, 2026	77.07	77.07	77.07	77.07
Unlimited period for unabsorbed depreciation	127.67	127.67	127.67	113.89

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
<b>Profit before taxes</b>	25.28	169.40	2.06	(116.68)
Applicable tax rates in India	25.17%	25.17%	25.17%	31.20%
Computed tax charge	6.36	42.63	0.52	(36.40)
Utilisation of previously unrecognised deferred taxes	(6.36)	(42.63)	(0.52)	-
Tax effect on losses on which deferred tax has not been accounted	-	-	-	36.40
<b>Total Tax expense</b>	-	-	-	-
<b>Income tax reported in the statement of profit and loss</b>	-	-	-	-

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Annexure VII  
Notes to Restated Summary Statements

26 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/ loss for the period/years attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period / 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 period / years. The weighted average number of equity shares outstanding during the period/ 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 period / years plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Face value of equity shares (₹ per share)	2.00	2.00	2.00	2.00
Profit / (loss) attributable to equity shareholders (₹ in Million) (a)	25.28	169.40	2.06	(116.68)
Weighted average number of equity shares used for computing EPS (basic and diluted) (in Million) (b) <sup>2,3</sup>	47.83	47.83	47.83	47.83
<b>EPS- Basic and diluted (₹) (c=a/b)</b>	<b>0.53</b>	<b>3.54</b>	<b>0.04</b>	<b>(2.44)</b>

1. Earnings per share for the three months period ended June 30, 2021 are not annualised.

2. Subsequent to the balance sheet date, the Company has adopted Capillary Employee Stock Option Scheme- 2021. Refer note 38(4) for further details.

3. Subsequent to the balance sheet date, the Company has increased its authorised share capital. Further the Company has 'sub-divided' the shares into face value of ₹ 2 per share and has further issued bonus shares. Refer note 38(1) and 38(2) for further details.

27 Significant accounting judgements, estimates and assumptions

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

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits) and leases - estimating the incremental borrowing rate.

(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 Restated Summary Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 34 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 31 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 28.

(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 7(3).

(e) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. Refer note 30 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 (GESOP). 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 29.

28 Gratuity and other post-employment benefit plans

I) Defined contribution plan

The Company's contribution to provident fund and other funds are considered as defined contribution plans. The contributions are charged to the Statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefit expenses (refer note 21) are as under:

(₹ in Million)				
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Contribution to provident fund	1.90	7.90	12.70	14.04
<b>Total</b>	<b>1.90</b>	<b>7.90</b>	<b>12.70</b>	<b>14.04</b>

Annexure VII  
Notes to Restated Summary Statements

II) Defined benefit plan

**Gratuity**

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expenses recognised in the statement of profit or loss and amounts recognised in the balance sheet for gratuity benefit:

i. Net benefit expenses (recognised in the Statement of profit and loss)

(₹ in Million)				
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Current service cost	2.12	8.50	9.26	11.11
Interest cost on defined benefit obligation	0.56	2.00	2.69	2.58
<b>Net benefit expenses</b>	<b>2.68</b>	<b>10.50</b>	<b>11.95</b>	<b>13.69</b>

ii. Remeasurement (gain)/ loss recognised in other comprehensive income (OCI):

(₹ in Million)				
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	6.03	(2.95)	(4.78)	(0.90)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(0.07)	2.39	(6.43)	(5.99)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	-	-	-	7.99
<b>Actuarial (gain)/ loss recognised in OCI</b>	<b>5.96</b>	<b>(0.56)</b>	<b>(11.21)</b>	<b>1.10</b>

iii. Net defined benefit asset/ (liability)

(₹ in Million)				
Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Defined benefit obligation	(42.47)	(34.76)	(36.43)	(46.70)
Fair value of plan assets	-	-	-	-
<b>Plan asset / (liability)</b>	<b>(42.47)</b>	<b>(34.76)</b>	<b>(36.43)</b>	<b>(46.70)</b>

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in Million)				
Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Opening defined benefit obligation	34.76	36.43	46.70	35.62
Current service cost	2.12	8.50	9.26	11.11
Interest cost on the defined benefit obligation	0.56	2.00	2.69	2.58
Benefits paid	(0.93)	(11.61)	(11.01)	(3.71)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	6.03	(2.95)	(4.78)	(0.90)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(0.07)	2.39	(6.43)	(5.99)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	-	-	-	7.99
<b>Closing defined benefit obligation</b>	<b>42.47</b>	<b>34.76</b>	<b>36.43</b>	<b>46.70</b>

v. The following pay-outs are expected in future years:

(₹ in Million)				
Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Within the next 12 months	3.71	6.25	5.49	7.02
Between 1 and 2 years	6.16	4.92	4.23	5.69
Between 2 and 3 years	5.04	4.01	3.31	4.73
Between 3 and 4 years	3.91	3.17	2.73	3.98
Between 4 and 5 years	3.08	2.43	2.16	3.44
Between 6 and 10 years	9.68	7.72	6.87	12.37
Beyond 10 years	35.80	27.87	36.56	49.09
<b>Expected cash outflow in future years</b>	<b>67.38</b>	<b>56.37</b>	<b>61.35</b>	<b>86.32</b>

The average duration of the defined benefit plan obligation at the end of the reporting period/ years is 6.49 years (March 31, 2021: 6.50 years, March 31, 2020: 6.78 years and March 31, 2019: 8.26 years)

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

(₹ in Million)				
Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Discount rate (in %)	6.55%	6.52%	6.54%	7.62%
Salary escalation rate (in %)	10.00%	10.00%	Refer note (ii)	16.37%
Employee turnover/ Withdrawal rate	28.62%	28.62%	28.62%	28.62%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

**Notes:**

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

ii) Salary Escalation Rate

Years	Rate of Escalation
First year	(10%)
Next 3 years	0%
Future years	10%

iii) Plan characteristics and associated risks:

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

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

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

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

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Notes to Restated Summary Statements

vii. A quantitative sensitivity analysis for significant assumption as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 is as shown below:

Particulars	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Discount rate</b>				
Impact on defined benefit obligation due to 1% increase in discount rate	(2.21)	(1.89)	(2.15)	2.72
Impact on defined benefit obligation due to 1% decrease in discount rate	2.49	2.15	2.44	3.08
<b>Salary escalation rate</b>				
Impact on defined benefit obligation due to 1% increase in salary escalation rate	1.46	1.27	1.53	1.91
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(1.42)	(1.26)	(1.51)	(1.86)
<b>Attrition rate</b>				
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.36)	(0.36)	(0.57)	(0.70)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.37	0.38	0.61	0.73

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 balance sheet.

29 Share-based payments

A Description of the share based payment arrangements

At a meeting of the members of Holding Company held on August 10, 2015, the shareholders of the Holding Company had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

B Measurement of fair values

The fair value of the share options granted under the GESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the period ended June 30, 2021 and the years ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted) respectively:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	31.67% - 86.38%	31.76% - 86.38%	37.86% - 86.38%	37.86% - 86.38%
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%	1.54% - 2.28%	1.54% - 2.28%
Expected life of option (years)	2 - 7	5 - 7	5 - 7	5 - 7
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control	USD 1.81 - 5.45	USD 1.81 - 5.45	USD 1.81 - 3.90	USD 1.81 - 3.90
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	USD 1.23 - 5.45	USD 1.23 - 2.92	USD 1.23 - 2.92

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

C Movements during the period / year

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

Particulars	For the three months period ended June 30, 2021		For the year ended March 31, 2021	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the period / year	4.30	-	4.24	-
Granted during the period / year	0.43	-	0.17	-
Forfeited / lapsed during the period / year (June 30, 2021: 676)	(0.00)	-	(0.11)	-
Exercised during the period / year	-	-	-	-
Expired during the period / year	-	-	-	-
<b>Options outstanding at the end of the period / year</b>	<b>4.73</b>	<b>-</b>	<b>4.30</b>	<b>-</b>
Exercisable at period/ year end	4.19		4.16	

Particulars	For the year ended March 31, 2020 (As adjusted)		For the year ended March 31, 2019 (As adjusted)	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the year	4.13	-	4.32	-
Granted during the year	0.22	-	0.29	-
Forfeited / lapsed during the year	(0.11)	-	(0.48)	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Options outstanding at the end of the year</b>	<b>4.24</b>	<b>-</b>	<b>4.13</b>	<b>-</b>
Exercisable at year end	3.83		3.33	

The options outstanding as at June 30, 2021 had an exercise price of Nil (March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019 Nil) and the weighted average remaining contractual life of 5.35 years (March 31, 2021: 5.16 years, March 31, 2020: 6.12 years and March 31, 2019: 7.01 years).

D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the period / years is shown in the following table :

Particulars	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Expense arising from equity settled share based payment transaction (refer note 21)	35.67	35.70	39.82	67.28

E The Holding Company had granted stock options to employees of the Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) under ESOP plans as detailed in note 29(A) above. The Holding Company has an obligation to settle the transaction with the employees of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.



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30 Leases

Company as a lessee during the period / year

The Company has lease contracts for office facilities. The lease term of the office facilities is generally 1-5 years. The Company also has certain leases of offices with lease terms of 12 months or less or low value. The Company applies the leases of low value assets and short term leases recognition exemptions for these leases.

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

The carrying amounts of right-of-use assets recognised and the movements during the period / years is as follows:

Particulars	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Opening balance</b>	17.91	123.75	28.68	78.48
Additions	-	-	132.00	17.21
Depreciation expenses	(5.97)	(23.89)	(36.93)	(44.68)
Modification of right-of-use assets/other adjustments	-	(81.95)	-	(22.33)
<b>Closing balance</b>	<b>11.94</b>	<b>17.91</b>	<b>123.75</b>	<b>28.68</b>

The carrying amounts of lease liabilities assets recognised and the movements during the period / year is as follows:

Particulars	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Opening balance</b>	6.12	119.61	28.68	72.08
Additions	-	-	123.15	15.77
Accretion of interest	0.89	3.96	5.55	9.38
Payments	(3.82)	(23.33)	(37.77)	(46.22)
Modification of lease liabilities	-	(81.95)	-	(22.33)
Adjusted with security deposits	-	(12.17)	-	-
<b>Closing balance</b>	<b>3.19</b>	<b>6.12</b>	<b>119.61</b>	<b>28.68</b>

The same is shown under:

Current	3.19	6.12	35.89	28.68
Non-current	-	-	83.72	-

The maturity analysis of lease liabilities are disclosed in note 34.

The effective interest rate for lease liabilities is 14.5% (March 31, 2021: 14.5%, March 31, 2020: 14.5% and March 31, 2019: 14.5%).

The following amounts are recognised in the statement of profit and loss

Particulars	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Depreciation expense of right-of-use assets	5.97	23.89	36.93	44.68
Interest expense on lease liabilities	0.89	3.96	5.55	9.38
Expense relating to leases of low-value assets/short term leases (included in other expenses)	0.02	6.59	11.92	0.32
<b>Total amount recognised in the Restated Summary Statement of Profit and Loss</b>	<b>6.88</b>	<b>34.44</b>	<b>54.40</b>	<b>54.38</b>

The Company had total cash outflows for leases of ₹ 3.84 Million during the period/ years ended June 30, 2021 (March 31, 2021: ₹ 29.92 million, March 31, 2020: ₹ 49.69 million and March 31, 2019: ₹ 46.54 million) .

31 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 Restated Summary Statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the Restated Summary 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.

Particulars	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Bank guarantees outstanding	3.91	3.91	-	-
<b>Total</b>	<b>3.91</b>	<b>3.91</b>	<b>-</b>	<b>-</b>

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

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32 Related party disclosures

a) Names of the related parties and description of relationship

Nature of Relationship	Name of the Party
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore (Holding/ Parent Company)
Fellow subsidiaries	Capillary Technologies Inc., USA Capillary Technologies (UK) Limited, United Kingdom Capillary Technologies DMCC, UAE Reasoning Global eApplications Private Limited, India Capillary Technologies (Shanghai) Co. Ltd, China Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia PT Capillary Technologies Indonesia, Indonesia
Enterprises significantly influenced by key managerial personnel	Capillary Technologies Private Limited, India
Key managerial personnel (KMP)	Mr. Sridhar Bollam, Director Mr. Aneesh Reddy Boddu, Director Mr. Anant Choubey, Director (Appointed w.e.f. January 02, 2020) Mr. Abhijeet Rajendra Vijayvergiya, Director (Resigned w.e.f. January 02, 2020) Mr. Mahendra Chordia, Chief Financial Officer (Appointed w.e.f. August 31, 2021) Mrs. G. Bhargavi Reddy, Company Secretary (Appointed w.e.f. July 14, 2021)

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

(₹ in Million)				
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
<b>1) Transactions during the period/ year</b>				
<b>a) Service income from group companies</b>				
Capillary Technologies International Pte. Ltd., Singapore	211.85	611.35	888.30	966.17
<b>b) Provisions/ liabilities no longer required, written back</b>				
Capillary Technologies International Pte. Ltd., Singapore	-	-	1.12	-
<b>c) Interest on debts and borrowings</b>				
Capillary Technologies International Pte. Ltd., Singapore	1.18	7.53	1.57	-
<b>d) Bad debts written off*</b>				
Capillary Technologies Private Limited, India	-	-	7.09	-
<b>e) External Commercial borrowings from</b>				
Capillary Technologies International Pte. Ltd., Singapore	-	-	139.28	-
<b>f) Collections made on behalf of the Holding Company</b>				
Capillary Technologies International Pte. Ltd., Singapore	-	1.89	-	-
<b>g) Expenses incurred/ payments made on behalf of related parties</b>				
Capillary Technologies International Pte. Ltd., Singapore	-	-	-	0.49
Capillary Technologies DMCC, UAE	-	-	-	0.60
<b>h) Remuneration to key managerial personnel and their relatives</b>				
Mr. Sridhar Bollam	3.05	5.02	5.04	4.63
Mr. Aneesh Reddy Boddu	6.05	13.44	13.46	10.03
Mr. Anant Choubey	1.68	6.22	1.40	-

\* Bad debts written off against opening impairment allowance (allowance for bad and doubtful debts)

2) Outstanding balances as at period/ year end

(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>a) Trade receivable</b>				
Capillary Technologies International Pte. Ltd., Singapore	519.37	373.60	213.14	142.54
Capillary Technologies Private Limited, India	-	-	-	7.09
<b>b) Provision for doubtful debts</b>				
Capillary Technologies Private Limited, India	-	-	-	7.09
<b>c) Other receivables from related parties</b>				
Capillary Technologies International Pte. Ltd., Singapore	-	-	6.33	5.83
Capillary Technologies DMCC, UAE	-	-	2.46	2.28
<b>d) External commercial borrowings</b>				
Capillary Technologies International Pte. Ltd., Singapore	148.66	146.30	150.94	-
<b>e) Interest accrued on borrowings</b>				
Capillary Technologies International Pte. Ltd., Singapore	8.83	7.53	1.34	-
<b>f) Trade payables</b>				
Capillary Technologies International Pte. Ltd., Singapore	1.92	1.89	-	52.75
<b>g) Corporate guarantees taken from the Holding Company</b>				
Capillary Technologies International Pte. Ltd., Singapore	120.00	120.00	120.00	120.00

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

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

Share based payments plan	Exercise price	Number Outstanding (in Million)			
		June 30, 2021	March 31, 2021	March 31, 2020 (As adjusted)	March 31, 2019 (As adjusted)
General Employee Share Option Plan (GESP) of the Holding Company	-	1.13	0.98	0.98	1.00

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. Refer to Note 29 for further details on the scheme.

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Notes:-

- 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 period/ year end are unsecured and settlement occurs in cash.
- 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.
- 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.
- Refer note 12 for borrowings with regard to securities given by the Holding Company for the loan facility availed by the Company.

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

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

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

(ii) Reportable segments:

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

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

(b) Geographical information

Particulars	Revenue from Operations* (₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
India	119.81	537.68	772.93	765.31
Outside India	211.85	611.35	888.30	966.17
<b>Total</b>	<b>331.66</b>	<b>1,149.03</b>	<b>1,661.23</b>	<b>1,731.48</b>

Particulars	Non-current Assets** (₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
India	21.80	28.97	144.74	52.87
Outside India	-	-	-	-
<b>Total</b>	<b>21.80</b>	<b>28.97</b>	<b>144.74</b>	<b>52.87</b>

\*Revenue by geographical area are based on the geographical location of the customers.

\*\*Non-current assets excludes financial instruments and tax assets.

(c) Revenue from one external customer of June 30, 2021: ₹ 211.85 Million (March 31, 2021: ₹ 611.35 Million, March 31, 2020: ₹ 888.30 Million and March 31, 2019: ₹ 966.17 Million) is more than 10% of the Company's total revenue from operations.

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34 Disclosures on Financial Instruments

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

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.2.(I).

(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 statement of profit and loss or fair value through Other Comprehensive Income as at June 30, 2021, March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at June 30, 2021, March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted):

Particulars	Carrying and Fair Value			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Financial assets</b>				
(i) Loans	4.11	0.30	1.31	3.95
(ii) Trade receivables	651.14	519.10	397.38	319.73
(iii) Cash and cash equivalents	12.07	96.78	47.90	69.68
(iv) Other financial assets	104.20	110.45	112.72	126.47
<b>Total</b>	<b>771.52</b>	<b>726.63</b>	<b>559.31</b>	<b>519.83</b>
<b>Financial liabilities</b>				
(i) Borrowings	198.66	191.30	244.12	181.63
(ii) Trade payables	115.23	97.57	178.67	226.17
(iii) Lease liabilities	3.19	6.12	119.61	28.68
(iv) Other financial liabilities	20.70	66.73	63.47	89.53
<b>Total</b>	<b>337.78</b>	<b>361.72</b>	<b>605.87</b>	<b>526.01</b>

(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 an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
<b>June 30, 2021</b>				
<b>Financial liabilities</b>				
Borrowings (at amortised cost)	198.66	-	198.66	-
<b>March 31, 2021</b>				
<b>Financial liabilities</b>				
Borrowings (at amortised cost)	191.30	-	191.30	-
<b>March 31, 2020 (As adjusted)</b>				
<b>Financial liabilities</b>				
Borrowings (at amortised cost)	244.12	-	244.12	-
<b>March 31, 2019 (As adjusted)</b>				
<b>Financial liabilities</b>				
Borrowings (at amortised cost)	181.63	-	181.63	-

(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 period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

(c) Financial risk management objectives and policies

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

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

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

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**Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(1) Market risk- Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. Thus profits and cash flows from financing activities are dependent on market interest rates. Further, any decline in the credit rating of the Company will have an adverse impact on the interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Particulars	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
<b>Fixed rate instruments:</b>				
Financial liabilities	-	-	16.37	81.82
<b>Variable rate instruments:</b>				
Financial liabilities	198.66	191.30	227.75	99.81

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	(₹ in Million)			
		For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)
Interest rate fluctuation	+50	(0.99)	(0.96)	(1.14)	(0.50)
Interest rate fluctuation	-50	0.99	0.96	1.14	0.50

**(2) Market risk- Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

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

Particulars	As at June 30, 2021		As at March 31, 2021	
	Amount in USD (in Million)	Amount in ₹ (in Million)	Amount in USD (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>				
Trade receivables	6.99	519.37	5.11	373.60
Other receivables from related parties	-	-	-	-
<b>Financial liabilities</b>				
Borrowings (including interest accrued on ECB)	2.12	157.49	2.10	153.83
Trade payables	0.03	1.92	0.04	2.79

Particulars	As at March 31, 2020 (As adjusted)		As at March 31, 2019 (As adjusted)	
	Amount in USD (in Million)	Amount in ₹ (in Million)	Amount in USD (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>				
Trade receivables	2.82	213.14	2.05	142.54
Other receivables from related parties	0.12	8.79	0.12	8.11
<b>Financial liabilities</b>				
Borrowings (including interest accrued on ECB)	2.02	152.28	-	-
Trade payables	0.01	0.50	0.76	53.13

**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	(₹ in Million)	
		Effect on profit or loss before tax Strengthening	Effect on profit or loss before tax Weakening
<b>June 30, 2021</b>			
USD	5%	18.00	(18.00)
<b>March 31, 2021</b>			
USD	5%	10.85	(10.85)
<b>March 31, 2020 (As adjusted)</b>			
USD	5%	3.46	(3.46)
<b>March 31, 2019 (As adjusted)</b>			
USD	5%	4.88	(4.88)

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at June 30, 2021, March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted). The period / year end balances are not necessarily representative of the average debt outstanding during the period / year.

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**(ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 771.52 Million (March 31, 2021: ₹ 726.63 Million, March 31, 2020: ₹ 559.31 Million, March 31, 2019: ₹ 519.83 Million), being the total carrying value of loans receivables from related parties, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. Further, the trade receivable from holding company constitutes approximately 80% of trade receivables as at June 30, 2021 (March 31, 2021: approximately 71%, March 31, 2020: approximately 53%, March 31, 2019: approximately 44%).

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Refer note 7(3) for movement in expected credit loss for the period ended June 30, 2021 and the years ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**(iii) Liquidity risk**

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

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

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

	(₹ in Million)			
Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
<b>June 30, 2021</b>				
Borrowings	124.33	74.33	-	198.66
Lease liabilities	3.19	-	-	3.19
Trade payables	115.23	-	-	115.23
Other financial liabilities	20.70	-	-	20.70
	<b>263.45</b>	<b>74.33</b>	<b>-</b>	<b>337.78</b>
<b>March 31, 2021</b>				
Borrowings	118.15	73.15	-	191.30
Lease liabilities	6.12	-	-	6.12
Trade payables	97.57	-	-	97.57
Other financial liabilities	66.73	-	-	66.73
	<b>288.57</b>	<b>73.15</b>	<b>-</b>	<b>361.72</b>
<b>March 31, 2020 (As adjusted)</b>				
Borrowings	93.18	150.94	-	244.12
Lease liabilities	35.89	120.45	-	156.34
Trade payables	178.67	-	-	178.67
Other financial liabilities	63.47	-	-	63.47
	<b>371.21</b>	<b>271.39</b>	<b>-</b>	<b>642.60</b>
<b>March 31, 2019 (As adjusted)</b>				
Borrowings	165.27	16.36	-	181.63
Lease liabilities	28.68	-	-	28.68
Trade payables	226.17	-	-	226.17
Other financial liabilities	89.53	-	-	89.53
	<b>509.65</b>	<b>16.36</b>	<b>-</b>	<b>526.01</b>

**Notes:**

1. The above disclosure excludes interest and other finance charges to be paid on the borrowings, by the Company.

**35 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 Holding Company.

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	As at March 31, 2019 (As adjusted)
Borrowings (refer note 12)	198.66	191.30	244.12	181.63
Less: Cash and cash equivalents (refer note 8)	(12.07)	(96.78)	(47.90)	(69.68)
<b>Total debts (A)</b>	<b>186.59</b>	<b>94.52</b>	<b>196.22</b>	<b>111.95</b>
Equity share capital (refer note 10)	23.33	23.33	23.33	23.33
Other equity (refer note 11)	356.62	301.63	95.97	42.88
<b>Total Capital (B)</b>	<b>379.95</b>	<b>324.96</b>	<b>119.30</b>	<b>66.21</b>
<b>Capital and borrowings C= (A+B)</b>	<b>566.54</b>	<b>419.48</b>	<b>315.52</b>	<b>178.16</b>
<b>Gearing ratio (%) D= (A/C)</b>	<b>32.94%</b>	<b>22.53%</b>	<b>62.19%</b>	<b>62.84%</b>

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 period / years ended June 30, 2021, March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

**Annexure VII**  
**Notes to Restated Summary Statements**

**36 First time adoption of Ind AS**

**A. First-time adoption**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, with effect from April 01, 2020.

For all periods up to and including the year ended March 31, 2021, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and amendments thereof ('Previous GAAP'). The financial statements for the year ended March 31, 2022 will be the first financial statements prepared and presented by the Company in accordance with Ind AS and presentation requirements of Division II of Schedule III to the Act (Ind AS Schedule III).

The Restated Summary Statements of the Company are prepared and presented in accordance with Ind AS. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2020, the Company's date of transition to Ind AS. In preparing these Restated Summary Statements, the Company has prepared opening Balance Sheet as at April 01, 2018, being the adjusted date of transition to Ind AS. The aforesaid Restated Summary Statements for the years ended March 31, 2020 and March 31, 2019 have been prepared on Voluntary basis in accordance with requirements of SEBI Circular dated March 31, 2016 and Guidance Note On Reports in Company Prospectuses issued by ICAI. For the purpose of Restated Summary Statements for the year ended March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted), the Company has followed the same accounting policy and accounting policy choices (both mandatory exemptions and optional exemptions availed as per Ind AS 101) as initially adopted on the transition date i.e. April 01, 2020.

This note explains principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 01, 2018 and the Restated Summary Statements as at and for the years ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

**B. Exemptions Applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**Deemed cost for Property, plant and equipment and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the net carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its PPE and intangible assets at their Previous GAAP net carrying value.

**Leases**

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. Accordingly as per Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

**Designation of previously recognised financial instrument**

Financial assets and financial liabilities are classified at fair value through profit and loss based on facts and circumstances as at the date of transition to Ind AS. Financial asset and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 01, 2020 (April 01, 2018 adjusted transition date) and not from the date of initial recognition.

**Share - based payment transactions**

Ind AS 101 permits a first time adopter to not apply Ind AS 102 share based payments to equity instruments that settled before date of transition to Ind AS. Accordingly, the Company has elected to measure only those employee stock options that have not been settled as on the date of transition to Ind AS i.e. April 01, 2020 (April 01, 2018 adjusted transition date) and not from the date of initial recognition..

**C. Mandatory Exemptions**

The Company has adopted all relevant mandatory exemptions as set out in Ind AS 101, which are as below:

**Estimates**

The estimates as at April 01, 2020 (April 01, 2018 adjusted transition date) and March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted) are consistent with those made for the same dates in accordance with Indian GAAP except impairment of financial assets based on expected credit loss model. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2020 (April 01, 2018 adjusted transition date), the date of transition to Ind AS and as of March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

**Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

**Derecognition of financial assets**

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions appearing on or after the date of transition to Ind AS.

**Impairment of financial assets**

The Company has applied exemption related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 01, 2020 (April 01, 2018 - adjusted transition date).

Annexure VII  
Notes to Restated Summary Statements

D. Statement of reconciliation of total equity and Profit and loss as per previous GAAP and Ind AS

Reconciliation of total equity as at March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted)

Equity reconciliation				
(₹ in Million)				
Particulars	Notes to first time adoption	March 31, 2021	March 31, 2020 (As adjusted)	March 31, 2019 (As adjusted)
Total equity as per previous GAAP (A)		317.30	109.01	63.02
Ind AS 116: Recognition of right of use assets and lease liabilities (including impact of derecognition of rent equalisation reserve per Previous GAAP)	a	(17.07)	(10.18)	(5.97)
Ind AS 115: Impact on account of capitalisation of contract costs	b	8.03	12.20	4.13
Ind AS 109: Recognition of financial instruments at amortised cost	c	16.70	8.27	5.03
Total Ind AS Adjustments (B)		7.66	10.29	3.19
Total Restated Equity as per Ind AS (C=A+B)		324.96	119.30	66.21

Reconciliation of total restated profit/ (loss) for the years ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted).

Total Comprehensive income reconciliation				
(₹ in Million)				
Particulars	Notes to first time adoption	March 31, 2021	March 31, 2020 (As adjusted)	March 31, 2019 (As adjusted)
Net profit after tax under previous GAAP (A)		208.29	45.99	(54.09)
Ind AS 116: Recognition of right of use assets and lease liabilities (including impact of derecognition of rent equalisation reserve per Previous GAAP)	a	(6.89)	(4.21)	(5.97)
Ind AS 115: Impact on account of capitalisation of contract costs	b	(4.17)	8.07	1.29
Ind AS 109: Recognition of financial instruments at amortised cost	c	8.43	3.24	5.03
Ind AS 102: Share based Payments expense	d	(35.70)	(39.82)	(64.04)
Ind AS 19: Recognition of remeasurement gain/losses through OCI (net of tax effect)	e, f	(0.56)	(11.21)	1.10
Total Ind AS Adjustments (B)		(38.89)	(43.93)	(62.59)
Restated Net Profit for the year (C=A+B)		169.40	2.06	(116.68)
Other Comprehensive income (net of tax)	e, f	0.56	11.21	(1.10)
Restated Total Comprehensive income (net of tax)		169.96	13.27	(117.78)

E. Notes to reconciliations between Previous GAAP and Ind AS

a) Ind AS 116: Recognition of right of use assets and lease liabilities

Under Previous GAAP, the Company as a lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Pursuant to application of Ind AS 116, for operating leases other than those for which the Company has opted for low value and short-term exemption, the Company has recorded a right-of-use assets and lease liability. Right-of-use (ROU) asset is amortised over the lease term or useful life of the leased assets whichever is lower and lease liability is subsequently measured at amortised cost and interest expense is recognised. The deferred rent under Previous GAAP towards straightlining of rent was adjusted with value of rent expense on transition to Ind AS in respective years.

b) Ind AS 115: Capitalisation of contract costs

Under Previous GAAP, the Company recognised incremental costs of obtaining a contract like sales commission expenses in entirety in the year in which they were incurred. However, under Ind AS, the Company has amortised such expenses over the tenor of the contract.

c) Ind AS 109: Recognition of financial instruments at amortised cost

Under Previous GAAP, the Company recognised interest-free rent deposits at their transaction value, however under Ind AS, these deposits are initially recognised at fair value. The difference between the present value and the principle amount of the deposit paid at inception to be accounted for as deferred lease assets, which would be recognised as an expense on a straight line bases over the lease term. Correspondingly, there will be interest income accrued on the discounted value of deposits. Other deposits (utility deposits) are payable on demand and have no contractual period. Hence there are no GAAP differences for these demand deposits.

d) Ind AS 102 ESOP: Share based payments

Under Previous GAAP, the Company was of the opinion that there is no accounting treatment/disclosure required under the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. However under Ind AS, employee stock options of Capillary Technologies International Pte Limited, the Holding Company given to selected employees of the Company without any cross charge are required to be accounted as capital contribution from Parent.

e) Ind AS 19: Recognition of remeasurement gain/losses through OCI (net of tax effect)

Under Ind AS, remeasurement gains/losses on defined benefit plans are recognized in other comprehensive income. Under Previous GAAP, these remeasurements were forming part of the profit or loss for the year. The application of the above principle has resulted in change in the profit for period / year and as at applicable balance sheet date.

(f) Ind AS 1: Other comprehensive income

Under Previous GAAP, the Company was not required to present OCI separately. Hence, the Company has reconciled Previous GAAP profit to profit and total comprehensive income as per Ind AS.

(g) Ind AS 7: Cash flow statements

The transition from the Previous GAAP to Ind AS did not have material impact on the statement of cash flow, except for payment of lease liabilities, which were forming part of operating activity under Previous GAAP and are now included under financing activity.



**Annexure VII**  
Notes to Restated Summary Statements

**37 Ratio Analysis and its elements**

Ratio	Numerator	Denominator	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)	Variance (June 2021 vs March 2021) <sup>2</sup>	Variance (March 2021 vs March 2020) <sup>1</sup>	Variance (March 2020 vs March 2019) <sup>2</sup>	Explanation for Variance (June 2021 vs March 2021)	Explanation for Variance (March 2021 vs March 2020)	Explanation for Variance (March 2020 vs March 2019)
Current ratio	Current Assets	Current Liabilities	1.89	1.67	1.04	0.80	13.17%	60.38%	30.00%	-	There is an improvement primarily on account of increase in trade receivables balances and decrease in current borrowings and trade payables balances.	There is an improvement primarily on account of increase in trade receivables balances and decrease in current borrowings and trade payables balances.
Debt-Equity Ratio	Total Borrowings	Total equity	0.52	0.59	2.05	2.74	(11.86%)	(71.22%)	(25.18%)	-	There is an improvement primarily on account of increase in capital contribution from the parent in relation to employee stock options and decrease in borrowings options.	There is an improvement primarily on account of increase in capital contribution from the parent in relation to employee stock options and decrease in borrowings options.

Ratio	Numerator	Denominator	For the three months period ended June 30, 2021 <sup>1</sup>	For the year ended March 31, 2021	For the year ended March 31, 2020 (As adjusted)	For the year ended March 31, 2019 (As adjusted)	Variance (June 2021 vs March 2021) <sup>2</sup>	Variance (March 2021 vs March 2020) <sup>1</sup>	Variance (March 2020 vs March 2019) <sup>2</sup>	Explanation for Variance (June 2021 vs March 2021)	Explanation for Variance (March 2021 vs March 2020)	Explanation for Variance (March 2020 vs March 2019)
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Finance costs	Debt service = Interest and Lease Payments + Principal Repayments of borrowings	10.44	2.76	1.13	0.47	278.26%	144.25%	140.43%	There is an improvement primarily on account of proportionate increase in earnings and decline in repayment obligations on borrowings.	There is an improvement primarily on account of proportionate increase in earnings and decline in repayment obligations on borrowings.	There is an improvement primarily on account of increase in overall costs year on year and increase in profits.
Return on Equity ratio	Net Profit after taxes	Average Total equity	0.07	0.76	0.02	(1.25)	(90.79%)	3700.00%	(101.60%)	There is decrease in profitability primarily on account of increase in payroll costs, non-cash expenses in the current period with corresponding increase in average equity expenses as part of cost cutting measures on balance on account of capital contribution from parent in relation to employee stock options.	There is an improvement in profitability primarily on account of increase in payroll costs, non-cash expenses in the current period with corresponding increase in average equity expenses as part of cost cutting measures on balance on account of capital contribution from parent in relation to employee stock options.	There is an improvement primarily on account of decrease in overall costs year on year and increase in profits.
Inventory Turnover ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Trade Receivable Turnover Ratio	Revenue from operations	Average Trade Receivables	0.57	2.51	4.63	5.39	(77.29%)	(45.79%)	(14.10%)	Primarily on account of increase in average trade receivables balances on account of delays in collections from the Holding Company.	Primarily on account of decrease in revenue from operations and increase in average trade receivables balances	-
Trade Payable Turnover Ratio	Cost of campaign services + Professional and consultancy services and other expenses	Average Trade Payables	0.68	2.10	3.01	3.07	(67.62%)	(30.23%)	(1.95%)	Primarily on account of decrease in professional and consultancy expenses with a corresponding decrease in Average Trade Payables.	Primarily on account of decrease in professional and consultancy expenses with a corresponding decrease in Average Trade Payables.	-
Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets - Current liabilities	1.01	4.37	96.19	(14.25)	(76.89%)	(95.46%)	(774.98%)	Primarily on account of decrease in revenue with a corresponding increase in working capital.	Primarily on account of decrease in revenue with a corresponding increase in working capital.	Primarily on account of decrease in revenue with a corresponding increase in working capital.
Net Profit ratio	Net profit after tax	Revenue from operations	0.08	0.15	0.00	(0.07)	(46.67%)	11996.33%	(101.77%)	There is decrease in profitability primarily on account of increase in payroll costs, non-cash expenses in the current period with corresponding increase in average equity expenses as part of cost cutting measures on account of COVID-19.	There is an improvement in profitability primarily on account of increase in payroll costs, non-cash expenses in the current period with corresponding increase in average equity expenses as part of cost cutting measures on account of COVID-19.	There is an improvement in profitability primarily on account of decrease in overall costs year on year and increase in profits.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	0.05	0.36	0.09	(0.34)	(86.11%)	300.00%	(126.47%)	Primarily on account of decrease in Earnings before interest and taxes with a corresponding increase in Capital employed	Primarily on account of increase in Earnings before interest and taxes offset with a corresponding increase in Capital employed	Primarily on account of increase in Earnings before interest and taxes offset with a corresponding increase in Capital employed.
Return on Investment	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

1. Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue were affected during the three months period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable.

2. The Company is in growth phase and hence its operations were not comparable.

3. Ratios for the three months period ended June 30, 2021 have not been annualised.

4. Refer note 10 (f) in regard to potential dilutive equity shares issued subsequent to the balance sheet date.

5. Refer note 10 (g) in regard to split of shares and bonus shares issued subsequent to the balance sheet date.

**Annexure VII**  
**Notes to Restated Summary Statements**

**38 Events after the reporting period**

Subsequent to the period ended June 30, 2021 and pursuant to the approval of the Board of Directors and shareholders, as applicable under the provisions of Companies Act, 2013 and all other applicable laws and regulations :-

- (i) The Company proposes to undertake an Initial Public Offering ('IPO') of equity shares.
- (ii) The Company has got converted into a Public Limited Company after getting approval from Registrar of Companies.
- (iii) The Company approved the sub-division of equity shares of the Company having a face value of ₹ 10 each into 5 equity shares having a face value of ₹ 2 each.
- (iv) The Company approved the bonus issue of 37.81 Million equity shares of face value of ₹ 2 each for an amount aggregating to ₹ 75.63 Million (fully paid-up by way of capitalisation of the Company's free reserves/ securities premium account) to the existing equity shareholders of the Company.
- (v) The Company has adopted "Capillary Employee Stock Option Scheme - 2021" ('ESOP Scheme').
- (vi) The Company approved the preferential allotment of equity and preference shares of the Company at an agreed valuation.
- (vii) The Company approved the allotment of equity shares for an amount aggregating to ₹ 520.11 Million to the existing equity shareholders of the Company on rights issue basis.
- (viii) The Company approved the investments by way of subscription of shares of Capillary Pte. Ltd, Singapore for an amount not exceeding ₹ 1,000 Million and accordingly the Company has invested in 1,385.14 Million equity shares of CPL at a face value of USD 0.0074 per equity share aggregating to a total consideration of USD 10.25 Million. Out of the aforesaid consideration, USD 10 Million has been utilised to acquire 100% stake in Persuade Loyalty LLC and Persuade Holdings Inc (collectively termed as 'Persuade Group').
- (ix) Pursuant to the Business and Loan Transfer Agreement dated November 01, 2021, Capillary Technologies International Pte. Ltd (the 'Seller') has transferred the business including transfer of Business Assets and Liability to Capillary Pte. Ltd (the 'Purchaser') at a consideration of USD 0.22 Million.
- (x) Pursuant to the Gift deeds entered by Capillary Technologies International Pte Ltd in favour of Capillary Pte Ltd, Capillary Technologies International Pte. Ltd. voluntary, unconditionally and irrevocably grants, conveys and assigns to Capillary Pte Ltd, as a gift and for no consideration whatsoever, the entire share capital of the Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia, Capillary Technologies DMCC, UAE, Capillary Technologies (Shanghai) Ltd. Co., People's Republic of China and PT Capillary Technologies Indonesia, Indonesia and all the right, title, interest and benefit therein ("Gift Shares"). The aforesaid transfer is subject to intimation and updation of filings with the appropriate authorities which the Management of the Company is of the view, are procedural in nature for Capillary Technologies DMCC, UAE and Capillary Technologies (Shanghai) Co. Ltd., People's Republic of China.

Annexure VII  
Notes to Restated Summary Statements

**39 Business Combinations**

**(a) Business and Loan Transfer Agreement including Addendum thereto and Gift deeds for transfer of shares of certain subsidiaries between Capillary Technologies International Pte Ltd and Capillary Pte Ltd subsequent to June 30, 2021**

On July 21, 2021, the Holding Company incorporated Capillary Pte Ltd. ("CPL") under the laws of Singapore with 100 equity shares of SGD 0.01 per share. On September 1, 2021, the Company subscribed 1,385,135,135 equity shares of CPL at a fair value of USD 0.0074 per share aggregating to INR 750.04 million (USD 10.25 million). On October 29, 2021, CPL bought back the shares held by the Holding Company and as a result of such buy back, CPL became wholly owned subsidiary of the Company.

Pursuant to the Business and Loan Transfer Agreement dated November 01, 2021, the Holding Company has transferred the business including transfer of Business Assets and Liability to CPL at a consideration of USD 0.22 Million.

Pursuant to the Gift deeds entered by Capillary Technologies International Pte Ltd in favour of Capillary Pte Ltd, Capillary Technologies International Pte. Ltd. voluntarily, unconditionally and irrevocably grants, conveys and assigns to Capillary Pte Ltd, as a gift and for no consideration whatsoever, the entire share capital of the Capillary Technologies (Malaysia) Sdn. Bhd., Malaysia, Capillary Technologies DMCC, UAE, Capillary Technologies (Shanghai) Ltd. Co., People's Republic of China and PT Capillary Technologies Indonesia, Indonesia and all the right, title, interest and benefit therein ("Gift Shares"). The aforesaid transfer is subject to intimation and updation of filings with the appropriate authorities which the Management of the Company is of the view, are procedural in nature for Capillary Technologies DMCC, UAE and Capillary Technologies (Shanghai) Co. Ltd., People's Republic of China.

**(b) Acquisitions subsequent to June 30, 2021**

On September 01, 2021 (closing date), CPL executed an Acquisition Agreement and acquired 100% membership interest and shareholding of Persuade Loyalty LLC and Persuade Holdings Inc. (formerly known as Persuade Holdings LLC) respectively (collectively "Persuade Group")

**Assets acquired**

The fair value of identifiable assets and liabilities of Persuade Group are shown below:\*

	(₹ in Million)
	<b>Balance recognised on acquisition</b>
<b>Assets and liabilities</b>	
Intangible assets	463.72
Net assets acquired	42.62
Deferred tax liability on intangibles and present value adjustment on purchase consideration	(128.81)
Goodwill	1,499.62
<b>Purchase Consideration</b>	<b>1,877.15</b>
<b>Purchase Consideration</b>	
Consideration paid upfront in cash	743.46
Deferred Consideration to be paid in cash	323.62
Consideration to be settled by way of stock issue	810.07
	<b>1,877.15</b>

\* In the absence of details available as on September 01, 2021, the management has disclosed the values based on June 30, 2021.

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

- (i) no contingent liabilities have been recognised.
- (ii) there are no such transactions that are recognized separately from the acquisition of assets and assumption of liabilities in the business combination.
- (iii) the above business combination is a bargain-purchase.
- (iv) the above business combination is not achieved in stages.
- (v) Goodwill is not tax deductible.

**40** The spread of COVID-19 has severely impacted the business operations around the globe including India. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the three months period ended June 30, 2021 and the years ended March 31, 2021 and March 31, 2020. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these Restated Summary Statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

**Annexure VII**

**Notes to Restated Summary Statements**

- 41** As at March 31, 2020, inter company advances amounting to USD 0.12 Million towards reimbursement of services were outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by the Reserve Bank of India ('RBI'), which states that payments against imports of goods and services are required to be made within six months from the date of shipment and receipts against exports of goods and services are required to be made within nine months from the date of shipment respectively. Subsequent to the year ended March 31, 2020, the Company had received the aforesaid remittance of USD 0.12 Million. Further, during the year ended March 31, 2020, the Company had written back inter-company payables of ₹ 1.11 Million and accordingly had disclosed under 'other income' in these Restated Summary Statements.
- 42** As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact these Restated Summary Statements
- 43** 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, 2021 and June 30, 2021 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 Restated Summary Statements, particularly on the amount of tax expense and that of provision for taxation.
- 44** Other Statutory information
- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the three months period June 30, 2021 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)  
or  
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) 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  
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 45** MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial period starting April 01, 2021.
- 46** The Company has not earned net profit in the three immediately preceeding financial years, therefore, there was no amount as per section 135 of the Act which was required to be spent on CSR activities in each of the respective financial years by the Company.
- 47** Absolute amounts less than ₹ 5,000 are appearing in the Restated Summary Statements as "0.00" due to presentation in Million.
- 48** Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Restated Summary Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date

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

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

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Aneesh Reddy Boddu	Anant Choubey
Director	Director
DIN: 02214511	DIN: 06536413
Place: Bengaluru, India	Place: Bengaluru, India
Date: December 23, 2021	Date: December 23, 2021

Mahendra Chordia	G. Bhargavi Reddy
Chief Financial Officer	Company Secretary
Place: Bengaluru, India	Membership Number - A17091
Date: December 23, 2021	Place: Bengaluru, India
	Date: December 23, 2021

**Independent Practitioner's Assurance Report on the Compilation of Proforma Financial Information Included In the Draft Red Herring Prospectus in connection with the proposed initial public offer of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**

The Board of Directors,  
Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)  
#36/5, 2<sup>nd</sup> floor, Somasandra Palya, Adjacent 27<sup>th</sup> Main Road, Sector 2, HSR Layout  
Bengaluru, Karnataka 560102

**Report on the Compilation of Proforma Financial Information Included in Draft Red Herring Prospectus ('DRHP')**

1. We have completed our assurance engagement to report on the compilation of Proforma Financial Information of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) (hereinafter referred to as "the Company") by the Management of the Company. The Proforma Financial Information consists of the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the proforma statement of profit and loss for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and related notes to the Proforma Financial Information. The applicable criteria on the basis of which the Management of the Company has compiled the Proforma Financial Information are described in note 2 of the Proforma Financial Information.
2. The Proforma Financial Information has been compiled by the Management of the Company to illustrate the impact of the acquisition of Persuade Loyalty LLC and Persuade Holdings Inc (formerly known as Persuade Holdings LLC) (the "Acquired Enterprises"), business transferred by Capillary Technologies International Pte Ltd (the "Ultimate Holding Company") including transfer of Business Assets and Liabilities under the Business and Loan Transfer Agreement (the "Transferred Business") and transfer of equity shares of four subsidiaries (namely (i) Capillary Technologies DMCC, (ii) Capillary Technologies (Shanghai) Co Ltd, (iii) Capillary Technologies (Malaysia) Sdn. Bhd., (iv) PT Capillary Technologies Indonesia) from the Ultimate Holding Company (the "Transferred Entities") subsequent to June 30, 2021 and as set out in note 2 to the Proforma Financial Information on the financial position as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 as if the aforesaid acquisitions/ transfers had been consummated on June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, and its financial performance for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 had consummated on April 01, 2021, April 01, 2020, April 01, 2019 and April 01, 2018.
3. As part of this process, information about the Company's financial position and financial performance has been extracted by the Management of the Company from the Restated Summary Statements of the Company for the three months ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, on which we have issued an examination report on December 23, 2021. The information about the financial position and the financial performance of the Acquired Enterprises, Transferred Business and Transferred Entities have been extracted by the Management of the Company from:
  - (i) the audited Special Purpose Carve Out financial statements of the Transferred Business for the three months ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, on which we have issued an audit report dated December 23, 2021.
  - (ii) the audited Special Purpose financial statements of Persuade Loyalty LLC and Persuade Holdings Inc (formerly known as Persuade Holdings LLC) for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, on which MSKA & Associates, Chartered Accountants have issued an audit report dated December 08, 2021.
  - (iv) the audited Special Purpose financial statements of Capillary Technologies DMCC, for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, on which M/s Abdulaziz Panis and Shah Associates Chartered Accountants L.L.C. have issued an audit report dated December 09, 2021.

(v) the audited Special Purpose financial statements of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, on which Shanghai Perfect CPA Partnership have issued an audit report dated December 08, 2021.

(vi) the audited Special Purpose financial statements of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, on which NK Associates, Chartered Accountants have issued an audit report dated December 06, 2021.

(vii) the audited Special Purpose financial statements of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021, on which Kantor Akuntan Publik Tanuwijaya have issued an audit report dated December 07, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 2019, on which Adi Nuroni, Registered Public Accountant have issued an audit report dated December 07, 2021.

### **Management's Responsibility for the Proforma Financial Information**

4. The Management of the Company is responsible for compiling the Proforma Financial Information on the basis set out in note 2 to the Proforma Financial Information. This responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Proforma Financial Information on the basis set out in note 2 to the Proforma Financial Information that is free from material misstatement, whether due to fraud or error. The Management of the Company is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Proforma Financial Information.

### **Practitioner's Responsibilities**

5. Our responsibility is to express an opinion, as required by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations"), about whether the Proforma Financial Information have been compiled, in all material respects, by the Management of the Company on the basis set out in note 2 to the Proforma Financial Information ("Applicable Criteria").
6. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Proforma Financial Information included in a Prospectus, issued by the Institute of Chartered Accountants of India. This Standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management of the Company has compiled, in all material respects, the Proforma Financial Information on the basis set out in Applicable Criteria.
7. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information / Restated Summary Statements / Special Purpose carve out financial statements used in compiling the Proforma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Financial Information.
8. For our assurance engagement, we have placed reliance on the following:
  - a. the Restated Summary Statements of the Company as of and for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which we have issued our examination report dated December 23, 2021;
  - b. the audited Special Purpose carve out financial statements of the Transferred Business as of and for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019; and
  - c. the audited Special Purpose financial statements of Persuade Loyalty LLC, Persuade Holdings Inc (formerly known as Persuade Holdings LLC), Capillary Technologies DMCC, Capillary Technologies (Shanghai) Co Ltd, Capillary Technologies (Malaysia) Sdn. Bhd. and PT Capillary Technologies Indonesia as of and for the three months ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

9. The purpose of Proforma Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 or for the three months period then ended and for each of the years then ended would have been, as presented.
10. A reasonable assurance engagement to report on whether the Proforma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria, involves performing procedures to assess whether the Applicable Criteria used by the Management of the Company in the compilation of the Proforma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- a. The related proforma adjustments give appropriate effect to those Applicable Criteria; and
- b. The Proforma Financial Information reflects the proper application of those adjustments to the unadjusted financial information of the Company.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the Company, the event or transaction in respect of which the Proforma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Financial Information.

11. Our work has not been carried out in accordance with auditing and other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.
12. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

13. In our opinion, the Proforma Financial Information has been compiled, in all material respects, on the basis set out in the note 2 to the Proforma Financial Information.

### **Emphasis of matter**

14. (i) We draw attention to Note 5 to the accompanying Proforma Financial Information, which describes the uncertainties and the Management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the future business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.

(ii) We draw attention to Notes 1(iii) and (iv) to the accompanying Proforma Financial Information, which states that the Transferred Business is pending execution of novation/ assignment/ transfer of various contracts as stipulated in the Business and Loan Transfer Agreement and transfer of entities pursuant to Gift Deeds in relation to Capillary Technologies DMCC and Capillary Technologies (Shanghai) Co Ltd involves intimation and updation of filings with the appropriate authorities which the Management of the Company believes are procedural in nature.

(iii) We draw attention to Note 2.2 to the accompanying Proforma Financial Information with regard to inclusion of financial information of the Acquired Enterprises, Acquired Business and Transferred Subsidiaries for the periods April 01, 2019 to March 31, 2020 and April 01, 2018 to March 31, 2019 in Proforma Financial Information on a voluntary basis and not required to be included as Proforma Financial Information as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Guidance note on Proforma Financial Statements issued by the Institute of Chartered Accountants of India.

Our opinion is not modified in respect of the aforesaid matters.

## Restrictions on use

15. This report should not in any way be construed as a reissuance or re-auditing or re-examination of any of the previous audit reports issued by us or other auditors. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
16. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose.

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

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per Sandeep Karnani  
Partner  
Membership No: 061207

UDIN: 21061207AAAAHG3265

Place of Signature: Bengaluru  
Date: December 23, 2021



Particulars	Notes	Restated Summary	Special purpose carve out	Special purpose Balance	Special purpose Balance	Special purpose Balance	Special purpose Balance	Special purpose Balance	Special purpose Balance	Proforma adjustments		Total adjustments	Proforma Balance sheet of
		Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Balance sheet of Capillary Technologies International Pte Ltd. as at June 30, 2021	sheet of Capillary Technologies DMCC as at June 30, 2021	sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	sheet of PT Capillary Technologies Indonesia as at June 30, 2021	sheet of Persuade Loyalty LLC as at June 30, 2021	sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]	K = I+J	Capillary Technologies India Limited as at June 30, 2021
		A	B	C	D	E	F	G	H	I	J		L = A+B+C+D+E+F+G+H+K
<b>I Assets</b>													
<b>(1) Non-current assets</b>													
(a) Property, plant and equipment	7.1	5.80	0.23	0.55	0.41	0.16	0.01	2.76	-	-	-	-	9.92
(b) Goodwill		-	-	-	-	-	-	-	-	1,499.62	-	1,499.62	1,499.62
(c) Other intangible assets	8.1	3.10	305.97	-	-	-	-	7.28	-	463.72	(56.77)	406.95	723.30
(d) Right-of-use assets		11.94	-	-	-	1.66	-	1.80	-	-	-	-	15.40
(e) Intangible assets under development		-	4.57	-	-	-	-	-	-	-	-	-	4.57
(f) Financial assets		-	-	-	-	-	-	-	-	-	-	-	-
(g) Other financial assets	9.1	88.68	-	1.50	-	-	-	-	-	-	-	-	90.18
(g) Non-current tax assets (net)		54.17	-	-	-	-	-	-	-	-	-	-	54.17
(h) Other non-current assets	10.1	0.96	-	3.19	-	-	0.35	-	-	-	-	-	4.50
		<b>164.65</b>	<b>310.77</b>	<b>5.24</b>	<b>0.41</b>	<b>1.82</b>	<b>0.36</b>	<b>11.84</b>	<b>-</b>	<b>1,963.34</b>	<b>(56.77)</b>	<b>1,906.57</b>	<b>2,401.66</b>
<b>(2) Current assets</b>													
(a) Financial assets		-	-	-	-	-	-	-	-	-	-	-	-
(i) Trade receivables		651.14	114.69	57.63	27.24	8.18	18.66	49.30	19.55	-	(390.23)	(390.23)	556.16
(ii) Cash and cash equivalents		12.07	19.41	104.44	18.05	8.06	93.38	40.52	0.06	(26.52)	-	(26.52)	269.47
(iii) Loans		4.11	2.01	-	-	-	-	-	-	-	-	-	6.12
(iv) Other financial assets	9.1	15.52	691.85	8.52	21.79	5.67	1.07	1.52	-	-	(673.25)	(673.25)	72.69
(b) Other current assets	10.1	16.15	8.81	6.40	4.85	0.99	0.92	-	-	-	-	-	38.12
		<b>698.99</b>	<b>836.77</b>	<b>176.99</b>	<b>71.93</b>	<b>22.90</b>	<b>114.03</b>	<b>91.34</b>	<b>19.61</b>	<b>(26.52)</b>	<b>(1,063.48)</b>	<b>(1,090.00)</b>	<b>942.56</b>
<b>Total assets (1+2)</b>		<b>863.64</b>	<b>1,147.54</b>	<b>182.23</b>	<b>72.34</b>	<b>24.72</b>	<b>114.39</b>	<b>103.18</b>	<b>19.61</b>	<b>1,936.82</b>	<b>(1,120.25)</b>	<b>816.57</b>	<b>3,344.22</b>
<b>II Equity and liabilities</b>													
<b>(1) Equity</b>													
(a) Equity share capital		23.33	-	0.89	496.88	8.33	1.59	67.40	0.04	(574.54)	-	(574.54)	23.92
(b) Other equity		356.62	443.74	(476.25)	(470.77)	(80.69)	(32.59)	(44.36)	19.54	1,611.16	(63.58)	1,547.58	1,262.82
<b>Total equity</b>		<b>379.95</b>	<b>443.74</b>	<b>(475.36)</b>	<b>26.11</b>	<b>(72.36)</b>	<b>(31.00)</b>	<b>23.04</b>	<b>19.58</b>	<b>1,036.62</b>	<b>(63.58)</b>	<b>973.04</b>	<b>1,286.74</b>
<b>(2) Non-current liabilities</b>													
(a) Financial liabilities		-	-	-	-	-	-	-	-	-	-	-	-
(i) Borrowings	11.1	74.33	-	-	-	-	-	11.89	-	225.07	-	225.07	311.29
(ii) Lease liabilities		-	-	-	-	0.21	-	-	-	-	-	-	0.21
(iii) Other financial liabilities	12.1	-	-	-	-	-	-	-	-	140.03	-	140.03	140.03
(b) Net employee defined benefit liabilities		38.76	-	-	-	-	-	-	-	-	-	-	38.76
(c) Deferred tax liabilities (net)		-	-	-	-	-	-	-	-	128.81	-	128.81	128.81
		<b>113.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.21</b>	<b>-</b>	<b>11.89</b>	<b>-</b>	<b>493.91</b>	<b>-</b>	<b>493.91</b>	<b>619.10</b>
<b>(3) Current liabilities</b>													
(a) Financial liabilities		-	-	-	-	-	-	-	-	-	-	-	-
(i) Borrowings	11.1	124.33	-	-	-	-	-	-	-	208.59	-	208.59	332.92
(ii) Lease liabilities		3.19	-	-	-	1.59	-	1.75	-	-	-	-	6.53
(iii) Trade payables		2.09	-	-	-	-	-	-	-	-	-	-	2.09
(a) Total outstanding dues of micro enterprises and small enterprises		113.14	558.76	550.15	11.34	78.08	99.28	36.75	0.03	8.10	(1,056.67)	(1,048.57)	398.96
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12.1	20.70	2.08	17.36	2.47	4.17	0.62	11.87	-	183.60	-	183.60	242.87
(iv) Other financial liabilities	13.1	88.45	142.15	87.36	28.56	12.51	45.19	17.88	-	-	-	-	422.10
(b) Other current liabilities		3.71	-	-	-	-	-	-	-	-	-	-	3.71
(c) Net employee defined benefit liabilities		14.99	0.81	2.72	3.86	0.52	0.30	-	-	-	-	-	23.20
(d) Provisions		-	-	-	-	-	-	-	-	-	-	-	-
(e) Liabilities for current tax (net)		-	-	-	-	-	-	-	-	6.00	-	6.00	6.00
		<b>370.60</b>	<b>703.80</b>	<b>657.59</b>	<b>46.23</b>	<b>96.87</b>	<b>145.39</b>	<b>68.25</b>	<b>0.03</b>	<b>406.29</b>	<b>(1,056.67)</b>	<b>(650.38)</b>	<b>1,438.38</b>
<b>Total liabilities (2+3)</b>		<b>483.69</b>	<b>703.80</b>	<b>657.59</b>	<b>46.23</b>	<b>97.08</b>	<b>145.39</b>	<b>80.14</b>	<b>0.03</b>	<b>900.20</b>	<b>(1,056.67)</b>	<b>(156.47)</b>	<b>2,057.48</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>863.64</b>	<b>1,147.54</b>	<b>182.23</b>	<b>72.34</b>	<b>24.72</b>	<b>114.39</b>	<b>103.18</b>	<b>19.61</b>	<b>1,936.82</b>	<b>(1,120.25)</b>	<b>816.57</b>	<b>3,344.22</b>

Note: The above statement should be read with notes to the Proforma Financial Information.

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

Anesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')

Corporate Identity Number : U72200KA2012PLC063060

Proforma Statement of Profit and Loss for the period ended June 30, 2021

(Amount in INR million, unless otherwise stated)

Particulars	Notes	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
										Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>I Income</b>													
Revenue from operations	14.1	331.66	99.06	99.28	32.90	8.53	15.71	123.95	-	-	(211.85)	(211.85)	499.24
Other income	15.1	3.40	3.52	-	0.26	0.03	0.41	-	-	-	-	-	7.62
Finance income	16.1	1.94	-	-	0.01	0.01	0.17	0.01	-	-	-	-	2.14
<b>Total income</b>		<b>337.00</b>	<b>102.58</b>	<b>99.28</b>	<b>33.17</b>	<b>8.57</b>	<b>16.29</b>	<b>123.96</b>	<b>-</b>	<b>-</b>	<b>(211.85)</b>	<b>(211.85)</b>	<b>509.00</b>
<b>II Expenses</b>													
Cost of campaign services		12.02	14.44	29.91	3.11	1.39	6.87	-	-	-	-	-	67.74
Professional and consultancy services		40.53	104.25	88.89	1.53	3.84	8.72	22.45	-	8.10	(170.13)	(162.03)	108.18
Employee benefit expenses	17.1	228.85	16.00	24.23	16.22	10.01	5.12	69.41	-	-	(33.44)	(33.44)	336.40
Finance costs	18.1	3.85	0.60	0.14	-	0.03	0.04	0.80	-	23.37	-	23.37	28.83
Depreciation and amortisation expenses	19.1	7.02	41.72	0.05	0.06	0.41	-	2.62	-	38.64	(7.65)	30.99	82.87
Other expenses	20.1	19.45	64.66	18.60	10.80	0.48	1.49	8.76	-	-	-	-	124.24
<b>Total expenses</b>		<b>311.72</b>	<b>241.67</b>	<b>161.82</b>	<b>31.72</b>	<b>16.16</b>	<b>22.24</b>	<b>104.04</b>	<b>-</b>	<b>70.11</b>	<b>(211.22)</b>	<b>(141.11)</b>	<b>748.26</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>25.28</b>	<b>(139.09)</b>	<b>(62.54)</b>	<b>1.45</b>	<b>(7.59)</b>	<b>(5.95)</b>	<b>19.92</b>	<b>-</b>	<b>(70.11)</b>	<b>(0.63)</b>	<b>(70.74)</b>	<b>(239.26)</b>
<b>IV Tax expenses</b>													
(a) Current tax		-	-	-	-	-	0.19	-	-	6.00	-	6.00	6.19
(b) Deferred tax charge / (credit)		-	-	-	-	-	-	-	-	(11.89)	-	(11.89)	(11.89)
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>(5.89)</b>	<b>-</b>	<b>(5.89)</b>	<b>(5.70)</b>
<b>V Profit / (loss) for the period (III - IV)</b>		<b>25.28</b>	<b>(139.09)</b>	<b>(62.54)</b>	<b>1.45</b>	<b>(7.59)</b>	<b>(6.14)</b>	<b>19.92</b>	<b>-</b>	<b>(64.22)</b>	<b>(0.63)</b>	<b>(64.85)</b>	<b>(233.56)</b>
<b>VI Other comprehensive income</b>													
(A) Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods													
(i) Re-measurement (loss) / gain on defined benefit plan		(5.96)	-	-	-	-	-	-	-	-	-	-	(5.96)
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
(B) Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods													
(i) Exchange differences on translating the financial statements of a foreign operation		-	9.08	(4.04)	0.20	(0.25)	(0.37)	(0.95)	0.29	-	(3.60)	(3.60)	0.36
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income/ (loss) for the period (net of tax)</b>		<b>(5.96)</b>	<b>9.08</b>	<b>(4.04)</b>	<b>0.20</b>	<b>(0.25)</b>	<b>(0.37)</b>	<b>(0.95)</b>	<b>0.29</b>	<b>-</b>	<b>(3.60)</b>	<b>(3.60)</b>	<b>(5.60)</b>
<b>VII Total comprehensive income/ (loss) for the period (net of tax) (V + VI)</b>		<b>19.32</b>	<b>(130.01)</b>	<b>(66.58)</b>	<b>1.65</b>	<b>(7.84)</b>	<b>(6.51)</b>	<b>18.97</b>	<b>0.29</b>	<b>(64.22)</b>	<b>(4.23)</b>	<b>(68.45)</b>	<b>(239.16)</b>
<b>VIII Earnings per equity share (nominal value of Rs. 2 each) *</b>													
Basic (Rs.)		0.53	-	-	-	-	-	-	-	-	-	-	(4.76)
Diluted (Rs.)		0.53	-	-	-	-	-	-	-	-	-	-	(4.76)

Note: The above statement should be read with notes to the Proforma Financial Information.

\* Earnings per share for the three months period ended June 30, 2021 are not annualised.

For and on behalf of the Board of Directors of

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')

Aneesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Particulars	Notes	Proforma adjustments										Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021
		Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))		
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>I Assets</b>													
<b>(1) Non-current assets</b>													
(a) Property, plant and equipment	7.2	5.85	0.16	0.58	0.47	0.18	0.02	1.81	-	-	-	-	9.07
(b) Goodwill		-	-	-	-	-	-	-	-	1,515.25	-	1,515.25	1,515.25
(c) Other intangible assets	8.2	3.49	297.25	-	-	-	-	6.17	-	448.83	(55.52)	393.31	700.22
(d) Right-of-use assets		17.91	-	-	-	2.04	-	3.31	-	-	-	-	23.26
(e) Intangible assets under development		-	3.47	-	-	-	-	-	-	-	-	-	3.47
(f) Financial assets													
(i) Other financial assets	9.2	87.26	-	1.49	-	-	-	-	-	-	-	-	88.75
(g) Non-current tax assets (net)		41.19	-	-	-	-	-	-	-	-	-	-	41.19
(h) Other non-current assets	10.2	1.72	-	2.71	-	-	0.34	-	-	-	-	-	4.77
		<b>157.42</b>	<b>300.88</b>	<b>4.78</b>	<b>0.47</b>	<b>2.22</b>	<b>0.36</b>	<b>11.29</b>	<b>-</b>	<b>1,964.08</b>	<b>(55.52)</b>	<b>1,908.56</b>	<b>2,385.98</b>
<b>(2) Current assets</b>													
(a) Financial assets													
(i) Trade receivables		519.10	102.27	52.40	13.50	9.96	7.84	64.20	19.26	-	(245.85)	(245.85)	542.68
(ii) Cash and cash equivalents		96.78	52.46	118.31	15.68	15.82	86.71	27.21	0.06	(17.93)	-	(17.93)	395.10
(iii) Loans		0.30	1.96	-	-	-	-	-	-	-	-	-	2.26
(iv) Other financial assets	9.2	23.19	605.87	11.90	21.61	5.63	1.16	0.62	-	-	(589.61)	(589.61)	80.37
(b) Other current assets	10.2	19.16	15.77	6.99	2.18	0.29	0.91	-	-	-	-	-	45.30
		<b>658.53</b>	<b>778.33</b>	<b>189.60</b>	<b>52.97</b>	<b>31.70</b>	<b>96.62</b>	<b>92.03</b>	<b>19.32</b>	<b>(17.93)</b>	<b>(835.46)</b>	<b>(853.39)</b>	<b>1,065.71</b>
<b>Total assets (1+2)</b>		<b>815.95</b>	<b>1,079.21</b>	<b>194.38</b>	<b>53.44</b>	<b>33.92</b>	<b>96.98</b>	<b>103.32</b>	<b>19.32</b>	<b>1,946.15</b>	<b>(890.98)</b>	<b>1,055.17</b>	<b>3,451.69</b>
<b>II Equity and liabilities</b>													
<b>(1) Equity</b>													
(a) Equity share capital		23.33	-	0.89	482.03	8.33	1.59	67.40	0.04	(559.69)	-	(559.69)	23.92
(b) Other equity		301.63	585.22	(410.36)	(472.52)	(75.69)	(26.30)	(69.93)	19.25	1,615.76	(57.27)	1,558.49	1,409.79
<b>Total Equity</b>		<b>324.96</b>	<b>585.22</b>	<b>(409.47)</b>	<b>9.51</b>	<b>(67.36)</b>	<b>(24.71)</b>	<b>(2.53)</b>	<b>19.29</b>	<b>1,056.07</b>	<b>(57.27)</b>	<b>998.80</b>	<b>1,433.71</b>
<b>(2) Non-current liabilities</b>													
(a) Financial liabilities													
(i) Borrowings	11.2	73.15	-	-	-	-	-	11.71	-	223.77	-	223.77	308.63
(ii) Lease liabilities		-	-	-	-	0.56	-	-	-	-	-	-	0.56
(iii) Other financial liabilities	12.2	-	-	-	-	-	-	-	-	138.44	-	138.44	138.44
(b) Net employee defined benefit liabilities		22.54	-	-	-	-	-	-	-	-	-	-	22.54
(c) Deferred tax liabilities (net)		-	-	-	-	-	-	-	-	124.93	-	124.93	124.93
		<b>95.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.56</b>	<b>-</b>	<b>11.71</b>	<b>-</b>	<b>487.14</b>	<b>-</b>	<b>487.14</b>	<b>595.10</b>
<b>(3) Current liabilities</b>													
(a) Financial liabilities													
(i) Borrowings	11.2	118.15	-	-	-	-	-	-	-	207.39	-	207.39	325.54
(ii) Lease liabilities		6.12	-	-	-	1.58	-	3.23	-	-	-	-	10.93
(iii) Trade payables		-	-	-	-	-	-	-	-	-	-	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		3.08	-	-	-	-	-	-	-	-	-	-	3.08
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		94.49	374.33	496.05	12.94	79.40	84.76	37.29	0.03	8.03	(833.71)	(825.68)	353.61
(iv) Other financial liabilities	12.2	66.73	8.29	17.11	6.55	6.53	0.81	15.09	-	181.52	-	181.52	302.63
(b) Other current liabilities	13.2	80.93	110.14	88.19	20.86	12.72	35.87	38.53	-	-	-	-	387.24
(c) Net employee defined benefit liabilities		12.22	-	-	-	-	-	-	-	-	-	-	12.22
(d) Provisions		13.58	1.23	2.50	3.58	0.49	0.25	-	-	-	-	-	21.63
(e) Liabilities for current tax (net)		-	-	-	-	-	-	-	-	6.00	-	6.00	6.00
		<b>395.30</b>	<b>493.99</b>	<b>603.85</b>	<b>43.93</b>	<b>100.72</b>	<b>121.69</b>	<b>94.14</b>	<b>0.03</b>	<b>402.94</b>	<b>(833.71)</b>	<b>(430.77)</b>	<b>1,422.88</b>
<b>Total liabilities (2+3)</b>		<b>490.99</b>	<b>493.99</b>	<b>603.85</b>	<b>43.93</b>	<b>101.28</b>	<b>121.69</b>	<b>105.85</b>	<b>0.03</b>	<b>890.08</b>	<b>(833.71)</b>	<b>56.37</b>	<b>2,017.98</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>815.95</b>	<b>1,079.21</b>	<b>194.38</b>	<b>53.44</b>	<b>33.92</b>	<b>96.98</b>	<b>103.32</b>	<b>19.32</b>	<b>1,946.15</b>	<b>(890.98)</b>	<b>1,055.17</b>	<b>3,451.69</b>

**Note :** The above statement should be read with notes to the Proforma Financial Information.

**For and on behalf of the Board of Directors of**

<b>Anesh Reddy Boddu</b> Director DIN: 02214511 Place: Bengaluru, India Date: December 23, 2021	<b>Anant Choubey</b> Director DIN: 06536413 Place: Bengaluru, India Date: December 23, 2021	<b>Mahendra Chordia</b> Chief Financial Officer Place: Bengaluru, India Date: December 23, 2021	<b>G. Bhargavi Reddy</b> Company Secretary Membership Number - A17091 Place: Bengaluru, India Date: December 23, 2021
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**As per our report of even date**

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

**per Sandeep Karnani**  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U7200KA2012PLC063060  
Proforma Statement of Profit and Loss for the year ended March 31, 2021  
(Amount in INR million, unless otherwise stated)

												Proforma adjustments	
Particulars	Notes	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>I Income</b>													
Revenue from operations	14.2	1,149.03	446.58	477.28	125.59	45.47	76.51	246.41	2.33	-	(613.68)	(613.68)	1,955.52
Other income	15.2	70.20	7.67	15.50	0.41	3.02	6.68	11.16	-	-	-	-	114.64
Finance income	16.2	12.34	-	-	0.06	0.02	0.49	0.02	-	-	-	-	12.93
<b>Total income</b>		<b>1,231.57</b>	<b>454.25</b>	<b>492.78</b>	<b>126.06</b>	<b>48.51</b>	<b>83.68</b>	<b>257.59</b>	<b>2.33</b>	<b>-</b>	<b>(613.68)</b>	<b>(613.68)</b>	<b>2,083.09</b>
<b>II Expenses</b>													
Cost of campaign services		88.29	41.73	157.95	4.46	9.77	13.37	-	-	-	-	-	315.57
Professional and consultancy services		123.99	209.67	289.09	16.64	16.04	28.13	65.49	-	8.03	(471.32)	(463.29)	285.76
Employee benefit expenses	17.2	718.78	87.40	79.66	92.29	27.93	14.30	161.81	-	-	(106.96)	(106.96)	1,075.21
Finance costs	18.2	18.70	2.26	1.08	0.01	0.17	0.13	3.53	-	82.54	-	82.54	108.42
Depreciation and amortisation expenses	19.2	34.15	167.86	0.96	0.68	1.72	0.03	7.12	-	149.61	(29.95)	119.66	332.18
Other expenses	20.2	78.26	215.35	61.66	45.65	1.52	6.83	25.47	-	-	(2.33)	(2.33)	432.41
<b>Total expenses</b>		<b>1,062.17</b>	<b>724.27</b>	<b>590.40</b>	<b>159.73</b>	<b>57.15</b>	<b>62.79</b>	<b>263.42</b>	<b>-</b>	<b>240.18</b>	<b>(610.56)</b>	<b>(370.38)</b>	<b>2,549.55</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>169.40</b>	<b>(270.02)</b>	<b>(97.62)</b>	<b>(33.67)</b>	<b>(8.64)</b>	<b>20.89</b>	<b>(5.83)</b>	<b>2.33</b>	<b>(240.18)</b>	<b>(3.12)</b>	<b>(243.30)</b>	<b>(466.46)</b>
<b>IV Tax expenses</b>													
(a) Current tax		-	-	-	-	-	3.10	-	-	6.00	-	6.00	9.10
(b) Deferred tax expense / (credit)		-	-	-	-	-	-	-	-	(45.06)	-	(45.06)	(45.06)
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.10</b>	<b>-</b>	<b>-</b>	<b>(39.06)</b>	<b>-</b>	<b>(39.06)</b>	<b>(35.96)</b>
<b>V Profit / (loss) for the year (III - IV)</b>		<b>169.40</b>	<b>(270.02)</b>	<b>(97.62)</b>	<b>(33.67)</b>	<b>(8.64)</b>	<b>17.79</b>	<b>(5.83)</b>	<b>2.33</b>	<b>(201.12)</b>	<b>(3.12)</b>	<b>(204.24)</b>	<b>(430.50)</b>
<b>VI Other comprehensive income</b>													
(A) Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods													
(i) Re-measurement (loss) / gain on defined benefit plan		0.56	-	-	-	-	-	-	-	-	-	-	0.56
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
(B) Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods													
(i) Exchange difference on translating the financial statements of a foreign operation		-	38.65	9.05	0.78	(1.14)	(1.58)	1.49	(0.53)	-	2.08	2.08	48.80
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income / (loss) for the year (net of tax)</b>		<b>0.56</b>	<b>38.65</b>	<b>9.05</b>	<b>0.78</b>	<b>(1.14)</b>	<b>(1.58)</b>	<b>1.49</b>	<b>(0.53)</b>	<b>-</b>	<b>2.08</b>	<b>2.08</b>	<b>49.36</b>
<b>VII Total comprehensive income / (loss) for the year (net of tax) (V + VI)</b>		<b>169.96</b>	<b>(231.37)</b>	<b>(88.57)</b>	<b>(32.89)</b>	<b>(9.78)</b>	<b>16.21</b>	<b>(4.34)</b>	<b>1.80</b>	<b>(201.12)</b>	<b>(1.04)</b>	<b>(202.16)</b>	<b>(381.14)</b>
<b>VIII Earnings per equity share (nominal value of Rs. 2 each)</b>													
Basic (Rs.)		3.54	-	-	-	-	-	-	-	-	-	-	(8.78)
Diluted (Rs.)		3.54	-	-	-	-	-	-	-	-	-	-	(8.78)

\*Note : The above statement should be read with notes to the Proforma Financial Information.

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

Anesh Reddy Boddu Director DIN: 02214511 Place: Bengaluru, India Date: December 23, 2021	Anant Choubey Director DIN: 06536413 Place: Bengaluru, India Date: December 23, 2021	Mahendra Chordia Chief Financial Officer Place: Bengaluru, India Date: December 23, 2021	G. Bhargavi Reddy Company Secretary Membership Number - A17091 Place: Bengaluru, India Date: December 23, 2021
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As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Particulars	Notes	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020 (As adjusted)								Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020	
		Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments	Intragroup elimination adjustments				
									(Refer Note 3(A))	(Refer Note 3(B))				
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K	
<b>I Assets</b>														
<b>(1) Non-current assets</b>														
(a) Property, plant and equipment	7.3	10.57	0.66	1.26	1.07	0.34	0.04	0.46	-	-	-	-	14.40	
(b) Goodwill		-	-	-	-	-	-	-	-	1,606.34	-	1,606.34	1,606.34	
(c) Other Intangible assets	8.3	4.29	308.28	-	-	-	-	-	-	416.00	(58.20)	357.80	670.37	
(d) Right-of-use assets		123.75	-	-	-	3.50	-	6.89	-	-	-	-	134.14	
(e) Intangible assets under development		-	7.41	-	-	-	-	0.83	-	(0.83)	-	(0.83)	7.41	
(f) Financial assets		-	-	-	-	-	-	-	-	-	-	-	-	
(i) Other financial assets	9.3	75.11	-	1.52	-	-	-	0.62	-	-	-	-	77.25	
(g) Non-current tax assets (net)		136.46	-	-	-	-	-	-	-	-	-	-	136.46	
(h) Other non-current assets	10.3	6.13	12.59	3.56	-	-	-	-	-	-	-	-	22.28	
		<b>356.31</b>	<b>328.94</b>	<b>6.34</b>	<b>1.07</b>	<b>3.84</b>	<b>0.04</b>	<b>8.80</b>	<b>-</b>	<b>2,021.51</b>	<b>(58.20)</b>	<b>1,963.31</b>	<b>2,668.65</b>	
<b>(2) Current assets</b>														
(a) Financial assets		-	-	-	-	-	-	-	-	-	-	-	-	
(i) Trade receivables		397.38	104.18	123.05	13.25	8.87	20.94	15.38	17.46	-	(79.83)	(79.83)	620.68	
(ii) Cash and cash equivalents		47.90	43.11	81.28	30.42	6.36	27.63	14.35	0.06	(37.15)	-	(37.15)	213.96	
(iii) Loans		1.31	0.05	-	-	0.02	0.23	-	-	-	-	-	1.61	
(iv) Other financial assets	9.3	37.61	411.52	17.79	4.13	2.33	0.66	2.06	-	-	(413.54)	(413.54)	62.56	
(b) Other current assets	10.3	21.39	19.06	14.70	11.35	0.20	0.79	-	-	-	-	-	67.49	
		<b>505.59</b>	<b>577.92</b>	<b>236.82</b>	<b>59.15</b>	<b>17.78</b>	<b>50.25</b>	<b>31.79</b>	<b>17.52</b>	<b>(37.15)</b>	<b>(493.37)</b>	<b>(530.52)</b>	<b>966.30</b>	
<b>Total assets (1+2)</b>		<b>861.90</b>	<b>906.86</b>	<b>243.16</b>	<b>60.22</b>	<b>21.62</b>	<b>50.29</b>	<b>40.59</b>	<b>17.52</b>	<b>1,984.36</b>	<b>(551.57)</b>	<b>1,432.79</b>	<b>3,634.95</b>	
<b>II Equity and liabilities</b>														
<b>(1) Equity</b>														
(a) Equity share capital		23.33	-	0.89	466.48	8.33	1.59	67.40	0.04	(544.13)	-	(544.13)	23.93	
(b) Other equity		95.97	492.57	(322.45)	(440.15)	(67.04)	(42.51)	(86.21)	17.45	1,632.61	(59.26)	1,573.35	1,220.98	
<b>Total equity</b>		<b>119.30</b>	<b>492.57</b>	<b>(321.56)</b>	<b>26.33</b>	<b>(58.71)</b>	<b>(40.92)</b>	<b>(18.81)</b>	<b>17.49</b>	<b>1,088.48</b>	<b>(59.26)</b>	<b>1,029.22</b>	<b>1,244.91</b>	
<b>(2) Non-current liabilities</b>														
(a) Financial liabilities		-	-	-	-	-	-	-	-	-	-	-	-	
(i) Borrowings	11.3	150.94	-	-	-	-	-	-	-	226.67	-	226.67	377.61	
(ii) Lease liabilities		83.72	-	-	-	2.10	-	2.68	-	-	-	-	88.50	
(iii) Other financial liabilities	12.3	-	-	-	-	-	-	-	-	141.99	-	141.99	141.99	
(b) Net employee defined benefit liabilities		19.62	-	-	-	-	-	-	-	-	-	-	19.62	
(c) Deferred tax liabilities (net)		-	-	-	-	-	-	-	-	116.77	-	116.77	116.77	
		<b>254.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.10</b>	<b>-</b>	<b>2.68</b>	<b>-</b>	<b>485.43</b>	<b>-</b>	<b>485.43</b>	<b>744.49</b>	
<b>(3) Current liabilities</b>														
(a) Financial liabilities		-	-	-	-	-	-	-	-	-	-	-	-	
(i) Borrowings	11.3	93.18	-	-	-	-	-	7.72	-	210.08	-	210.08	310.98	
(ii) Lease liabilities		35.89	-	-	-	1.29	-	4.14	-	-	-	-	41.32	
(iii) Trade payables		-	-	-	-	-	-	-	-	-	-	-	-	
(a) Total outstanding dues of micro enterprises and small enterprises		1.80	-	-	-	-	-	-	-	-	-	-	1.80	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		176.87	203.29	446.20	6.98	58.34	64.33	35.07	0.03	8.20	(492.31)	(484.11)	507.00	
(iv) Other financial liabilities	12.3	63.47	24.87	27.96	18.09	7.52	0.05	7.74	-	186.17	-	186.17	335.87	
(b) Other current liabilities	13.3	84.23	184.66	86.16	7.39	10.68	26.67	2.05	-	-	-	-	401.84	
(c) Net employee defined benefit liabilities		16.81	-	-	-	-	-	-	-	-	-	-	16.81	
(d) Provisions		16.07	1.47	4.40	1.43	0.40	0.16	-	-	-	-	-	23.93	
(e) Liabilities for current tax (net)		-	-	-	-	-	-	-	-	6.00	-	6.00	6.00	
		<b>488.32</b>	<b>414.29</b>	<b>564.72</b>	<b>33.89</b>	<b>78.23</b>	<b>91.21</b>	<b>56.72</b>	<b>0.03</b>	<b>410.45</b>	<b>(492.31)</b>	<b>(81.86)</b>	<b>1,645.55</b>	
<b>Total liabilities (2+3)</b>		<b>742.60</b>	<b>414.29</b>	<b>564.72</b>	<b>33.89</b>	<b>80.33</b>	<b>91.21</b>	<b>59.40</b>	<b>0.03</b>	<b>895.88</b>	<b>(492.31)</b>	<b>403.57</b>	<b>2,390.04</b>	
<b>Total equity and liabilities (1+2+3)</b>		<b>861.90</b>	<b>906.86</b>	<b>243.16</b>	<b>60.22</b>	<b>21.62</b>	<b>50.29</b>	<b>40.59</b>	<b>17.52</b>	<b>1,984.36</b>	<b>(551.57)</b>	<b>1,432.79</b>	<b>3,634.95</b>	

Note : The above statement should be read with notes to the Proforma Financial Information.

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

Aneesh Reddy Boddur  
Director  
DIN: 02114511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U72200KA2012PLC063000  
Proforma Statement of Profit and Loss for the year ended March 31, 2020  
(Amount in INR million, unless otherwise stated)

										Proforma adjustments			
Particulars	Notes	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd. for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>I Income</b>													
Revenue from operations	14.3	1,661.23	395.93	703.08	116.03	45.24	85.20	128.53	4.25	-	(892.55)	(892.55)	2,246.94
Other income	15.3	1.77	11.90	3.86	0.59	1.11	0.05	-	-	-	(1.12)	(1.12)	18.16
Finance income	16.3	12.99	-	-	0.02	0.02	0.27	0.02	-	-	-	-	13.32
<b>Total income</b>		<b>1,675.99</b>	<b>407.83</b>	<b>706.94</b>	<b>116.64</b>	<b>46.37</b>	<b>85.52</b>	<b>128.55</b>	<b>4.25</b>	<b>-</b>	<b>(893.67)</b>	<b>(893.67)</b>	<b>2,278.42</b>
<b>II Expenses</b>													
Cost of campaign services		225.76	32.13	298.07	3.20	5.36	18.88	-	-	-	-	-	583.40
Professional and consultancy services		143.86	612.70	106.31	14.21	37.58	60.78	85.22	-	8.20	(736.61)	(728.41)	332.25
Employee benefit expenses	17.3	982.48	100.80	153.56	168.77	24.43	16.84	84.48	-	-	(122.73)	(122.73)	1,408.63
Finance costs	18.3	32.27	3.65	0.94	0.01	0.22	0.09	2.48	-	83.87	-	83.87	123.53
Depreciation and amortisation expenses	19.3	49.65	70.48	9.25	1.62	1.53	0.08	4.62	-	138.67	(12.03)	126.64	263.87
Other expenses	20.3	239.91	256.87	85.44	52.33	10.15	16.40	50.72	-	-	(4.25)	(4.25)	707.57
<b>Total expenses</b>		<b>1,673.93</b>	<b>1,076.63</b>	<b>653.57</b>	<b>240.14</b>	<b>79.27</b>	<b>113.07</b>	<b>227.52</b>	<b>-</b>	<b>230.74</b>	<b>(875.62)</b>	<b>(644.88)</b>	<b>3,419.25</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>2.06</b>	<b>(668.80)</b>	<b>53.37</b>	<b>(123.50)</b>	<b>(32.90)</b>	<b>(27.55)</b>	<b>(98.97)</b>	<b>4.25</b>	<b>(230.74)</b>	<b>(18.05)</b>	<b>(248.79)</b>	<b>(1,140.83)</b>
<b>IV Tax expenses</b>													
(a) Current tax		-	-	-	-	-	-	-	-	6.00	-	6.00	6.00
(b) Deferred tax charge / (credit)		-	-	-	-	-	-	-	-	(42.50)	-	(42.50)	(42.50)
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36.50)</b>	<b>-</b>	<b>(36.50)</b>	<b>(36.50)</b>
<b>V Profit / (loss) for the year (III - IV)</b>		<b>2.06</b>	<b>(668.80)</b>	<b>53.37</b>	<b>(123.50)</b>	<b>(32.90)</b>	<b>(27.55)</b>	<b>(98.97)</b>	<b>4.25</b>	<b>(194.24)</b>	<b>(18.05)</b>	<b>(212.29)</b>	<b>(1,104.33)</b>
<b>VI Other comprehensive income</b>													
(A) Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods													
(i) Re-measurement (loss) / gain on defined benefit plan		11.21	-	-	-	-	-	-	-	-	-	-	11.21
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
(B) Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods													
(i) Exchange difference on translating the financial statements of a foreign operation		-	43.53	(21.99)	(8.84)	(1.02)	0.63	0.57	1.34	-	(1.91)	(1.91)	12.31
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income / (loss) for the year (net of tax)</b>		<b>11.21</b>	<b>43.53</b>	<b>(21.99)</b>	<b>(8.84)</b>	<b>(1.02)</b>	<b>0.63</b>	<b>0.57</b>	<b>1.34</b>	<b>-</b>	<b>(1.91)</b>	<b>(1.91)</b>	<b>23.52</b>
<b>VII Total comprehensive income / (loss) for the year (net of tax) (V + VI)</b>		<b>13.27</b>	<b>(625.27)</b>	<b>31.38</b>	<b>(132.34)</b>	<b>(33.92)</b>	<b>(26.92)</b>	<b>(98.40)</b>	<b>5.59</b>	<b>(194.24)</b>	<b>(19.96)</b>	<b>(214.20)</b>	<b>(1,080.81)</b>
<b>VIII Earnings per equity share (nominal value of Rs. 2 each)</b>													
Basic (Rs.)		0.04	-	-	-	-	-	-	-	-	-	-	(22.52)
Diluted (Rs.)		0.04	-	-	-	-	-	-	-	-	-	-	(22.52)

Note : The above statement should be read with notes to the Proforma Financial Information.

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

Anesh Reddy Boddu  
Director  
DIN: 02214511  
Place: Bengaluru, India  
Date: December 23, 2021

Anant Choubey  
Director  
DIN: 06536413  
Place: Bengaluru, India  
Date: December 23, 2021

Mahendra Chordia  
Chief Financial Officer  
Place: Bengaluru, India  
Date: December 23, 2021

G. Bhargavi Reddy  
Company Secretary  
Membership Number - A17091  
Place: Bengaluru, India  
Date: December 23, 2021

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/ E300004  
Chartered Accountants

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Particulars	Notes	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
										Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>I Assets</b>													
<b>(1) Non-current assets</b>													
(a) Property, plant and equipment	7.4	19.54	1.35	2.85	0.89	0.20	0.12	0.70	-	-	-	-	25.65
(b) Goodwill		-	-	-	-	-	-	-	-	1,561.56	-	1,561.56	1,561.56
(c) Other intangible assets	8.4	2.02	132.23	-	-	-	-	-	-	212.00	(23.38)	188.62	322.87
(d) Right-of-use assets		28.68	-	7.41	-	-	-	2.72	-	-	-	-	38.81
(e) Intangible assets under development		-	97.60	-	-	-	-	-	-	-	(15.91)	(15.91)	81.69
(f) Financial assets													
(i) Other financial assets	9.4	54.96	4.05	1.42	-	-	-	-	-	-	-	-	60.43
(g) Non-current tax assets (net)		117.10	-	-	-	-	-	-	-	-	-	-	117.10
(h) Other non-current assets	10.4	2.63	4.98	3.01	7.48	-	-	-	-	-	-	-	18.10
		<b>224.93</b>	<b>240.21</b>	<b>14.69</b>	<b>8.37</b>	<b>0.20</b>	<b>0.12</b>	<b>3.42</b>	<b>-</b>	<b>1,773.56</b>	<b>(39.29)</b>	<b>1,734.27</b>	<b>2,226.21</b>
<b>(2) Current assets</b>													
(a) Financial assets													
(i) Investments		-	-	27.31	-	-	-	-	-	-	-	-	27.31
(ii) Trade receivables		319.73	64.02	137.96	12.22	10.97	14.34	13.55	11.86	-	(16.06)	(16.06)	568.59
(iii) Cash and cash equivalents		69.68	134.15	256.91	25.86	18.64	57.05	9.71	0.06	26.34	-	26.34	598.40
(iv) Loans		3.95	0.52	0.77	-	0.13	1.04	-	-	-	-	-	6.41
(v) Other financial assets	9.4	71.51	815.67	17.12	4.94	1.54	1.51	16.35	-	-	(817.93)	(817.93)	110.71
(b) Other current assets	10.4	21.63	10.43	20.38	8.15	4.14	0.88	0.02	-	-	-	-	65.63
		<b>486.50</b>	<b>1,024.79</b>	<b>460.45</b>	<b>51.17</b>	<b>35.42</b>	<b>74.82</b>	<b>39.63</b>	<b>11.92</b>	<b>26.34</b>	<b>(833.99)</b>	<b>(807.65)</b>	<b>1,377.95</b>
<b>Total assets (1+2)</b>		<b>711.43</b>	<b>1,265.00</b>	<b>475.14</b>	<b>59.54</b>	<b>35.62</b>	<b>74.94</b>	<b>43.05</b>	<b>11.92</b>	<b>1,799.90</b>	<b>(873.28)</b>	<b>926.62</b>	<b>3,603.26</b>
<b>II Equity and liabilities</b>													
<b>(1) Equity</b>													
(a) Equity share capital		23.33	-	0.89	334.12	8.33	1.59	67.40	0.04	(411.78)	-	(411.78)	23.92
(b) Other equity		42.88	1,098.77	(353.83)	(309.11)	(33.28)	(15.59)	(39.60)	11.86	1,411.90	(48.02)	1,363.88	1,765.98
<b>Total equity</b>		<b>66.21</b>	<b>1,098.77</b>	<b>(352.94)</b>	<b>25.01</b>	<b>(24.95)</b>	<b>(14.00)</b>	<b>27.80</b>	<b>11.90</b>	<b>1,000.12</b>	<b>(48.02)</b>	<b>952.10</b>	<b>1,789.90</b>
<b>(2) Non-current liabilities</b>													
(a) Financial liabilities													
(i) Borrowings	11.4	16.36	-	-	-	-	-	-	-	217.09	-	217.09	233.45
(ii) Other financial liabilities	12.4	-	-	-	-	-	-	-	-	130.28	-	130.28	192.24
(b) Net employee defined benefit liabilities		20.86	-	-	-	-	-	-	-	-	-	-	20.86
(c) Deferred tax liabilities (net)		-	-	-	-	-	-	-	-	66.76	-	66.76	66.76
		<b>37.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>414.13</b>	<b>-</b>	<b>414.13</b>	<b>451.35</b>
<b>(3) Current liabilities</b>													
(a) Financial liabilities													
(i) Borrowings	11.4	165.27	-	-	-	-	-	-	-	201.20	-	201.20	366.47
(ii) Lease liabilities		28.68	-	8.05	-	-	-	2.65	-	-	-	-	39.38
(iii) Trade payables													
(a) Total outstanding dues of micro enterprises and small enterprises		0.85	-	-	-	-	-	-	-	-	-	-	0.85
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		225.32	93.91	735.53	6.40	45.10	67.80	11.90	0.02	7.63	(825.26)	(817.63)	368.35
(iv) Other financial liabilities	12.4	89.53	12.56	33.09	24.90	7.44	1.20	0.70	-	170.82	-	170.82	340.24
(b) Other current liabilities	13.4	57.98	57.91	46.80	2.07	7.81	19.67	-	-	-	-	-	192.24
(c) Net employee defined benefit liabilities		25.84	-	-	-	-	-	-	-	-	-	-	25.84
(d) Provisions		14.53	1.85	4.61	1.16	0.22	0.27	-	-	-	-	-	22.64
(e) Liabilities for current tax (net)		-	-	-	-	-	-	-	-	6.00	-	6.00	6.00
		<b>608.00</b>	<b>166.23</b>	<b>828.08</b>	<b>34.53</b>	<b>60.57</b>	<b>88.94</b>	<b>15.25</b>	<b>0.02</b>	<b>385.65</b>	<b>(825.26)</b>	<b>(439.61)</b>	<b>1,362.01</b>
<b>Total liabilities (2+3)</b>		<b>645.22</b>	<b>166.23</b>	<b>828.08</b>	<b>34.53</b>	<b>60.57</b>	<b>88.94</b>	<b>15.25</b>	<b>0.02</b>	<b>799.78</b>	<b>(825.26)</b>	<b>(25.48)</b>	<b>1,813.36</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>711.43</b>	<b>1,265.00</b>	<b>475.14</b>	<b>59.54</b>	<b>35.62</b>	<b>74.94</b>	<b>43.05</b>	<b>11.92</b>	<b>1,799.90</b>	<b>(873.28)</b>	<b>926.62</b>	<b>3,603.26</b>

Note: The above statement should be read with notes to the Proforma Financial Information.

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

Anesh Reddy Boddu Director DIN: 02214511 Place: Bengaluru, India Date: December 23, 2021	Anant Choubey Director DIN: 06536413 Place: Bengaluru, India Date: December 23, 2021	Mahendra Chordia Chief Financial Officer Place: Bengaluru, India Date: December 23, 2021	G. Bhargavi Reddy Company Secretary Membership Number - A17091 Place: Bengaluru, India Date: December 23, 2021
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As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number : U72200KA2012PLC063060  
Proforma Statement of Profit and Loss for the year ended March 31, 2019  
(Amount in INR million, unless otherwise stated)

Particulars	Notes	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
										Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
		A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>I Income</b>													
Revenue from operations	14.4	1,731.48	348.95	698.26	71.02	39.95	65.47	84.66	4.69	-	(970.86)	(970.86)	2,073.62
Other income	15.4	12.79	11.49	0.62	1.00	-	-	-	-	-	-	-	25.90
Finance income	16.4	5.19	-	0.63	0.04	-	0.31	0.02	-	-	-	-	6.19
<b>Total income</b>		<b>1,749.46</b>	<b>360.44</b>	<b>699.51</b>	<b>72.06</b>	<b>39.95</b>	<b>65.78</b>	<b>84.68</b>	<b>4.69</b>	<b>-</b>	<b>(970.86)</b>	<b>(970.86)</b>	<b>2,105.71</b>
<b>II Expenses</b>													
Cost of campaign services		265.08	62.20	300.70	2.87	-	-	-	-	-	-	-	630.85
Professional and consultancy services		190.26	779.24	95.24	12.48	50.58	61.10	56.22	-	7.63	(890.70)	(883.07)	362.05
Employee benefit expenses	17.4	988.44	87.69	179.38	157.51	7.88	9.10	49.59	-	-	-	(60.38)	1,419.21
Finance costs	18.4	38.05	5.15	1.19	0.03	0.01	0.09	0.47	-	79.45	-	79.45	124.44
Depreciation and amortisation expenses	19.4	61.50	40.04	10.75	1.07	0.05	0.06	4.46	-	70.67	(6.98)	63.69	181.62
Other expenses	20.4	322.81	194.19	108.08	51.55	12.25	10.53	24.53	-	-	(6.79)	(6.79)	717.15
<b>Total expenses</b>		<b>1,866.14</b>	<b>1,168.51</b>	<b>695.34</b>	<b>225.51</b>	<b>70.77</b>	<b>80.88</b>	<b>135.27</b>	<b>-</b>	<b>157.75</b>	<b>(964.85)</b>	<b>(807.10)</b>	<b>3,435.32</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>(116.68)</b>	<b>(808.07)</b>	<b>4.17</b>	<b>(153.45)</b>	<b>(30.82)</b>	<b>(15.10)</b>	<b>(50.59)</b>	<b>4.69</b>	<b>(157.75)</b>	<b>(6.01)</b>	<b>(163.76)</b>	<b>(1,329.61)</b>
<b>IV Tax expenses</b>													
(a) Current tax		-	-	-	-	-	0.33	-	-	6.00	-	6.00	6.33
(b) Deferred tax charge / (credit)		-	-	-	-	-	-	-	-	(25.58)	-	(25.58)	(25.58)
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.33</b>	<b>-</b>	<b>-</b>	<b>(19.58)</b>	<b>-</b>	<b>(19.58)</b>	<b>(19.25)</b>
<b>V Profit / (loss) for the year (III - IV)</b>		<b>(116.68)</b>	<b>(808.07)</b>	<b>4.17</b>	<b>(153.45)</b>	<b>(30.82)</b>	<b>(15.43)</b>	<b>(50.59)</b>	<b>4.69</b>	<b>(138.17)</b>	<b>(6.01)</b>	<b>(144.18)</b>	<b>(1,310.36)</b>
<b>VI Other comprehensive income</b>													
(A) Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods													
(i) Re-measurement (loss) / gain on defined benefit plan		(1.10)	-	-	-	-	-	-	-	-	-	-	(1.10)
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
(B) Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods													
(i) Exchange differences on translating the financial statements of a foreign operation		-	22.64	(23.95)	0.97	0.27	(0.16)	2.25	0.41	-	(8.73)	(8.73)	(6.30)
- Income tax effect on above		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income/ (loss) for the year (net of tax)</b>		<b>(1.10)</b>	<b>22.64</b>	<b>(23.95)</b>	<b>0.97</b>	<b>0.27</b>	<b>(0.16)</b>	<b>2.25</b>	<b>0.41</b>	<b>-</b>	<b>(8.73)</b>	<b>(8.73)</b>	<b>(7.40)</b>
<b>VII Total comprehensive income/ (loss) for the year (net of tax) (V + VI)</b>		<b>(117.78)</b>	<b>(785.43)</b>	<b>(19.78)</b>	<b>(152.48)</b>	<b>(30.55)</b>	<b>(15.59)</b>	<b>(48.34)</b>	<b>5.10</b>	<b>(138.17)</b>	<b>(14.75)</b>	<b>(152.92)</b>	<b>(1,317.76)</b>
<b>VIII Earnings per equity share (nominal value of Rs. 2 each)</b>													
Basic (Rs.)		(2.44)	-	-	-	-	-	-	-	-	-	-	(26.72)
Diluted (Rs.)		(2.44)	-	-	-	-	-	-	-	-	-	-	(26.72)

Note: The above statement should be read with notes to the Proforma Financial Information.

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

Anesh Reddy Boddu Director DIN: 02214511 Place: Bengaluru, India Date: December 23, 2021	Anant Choubey Director DIN: 06536413 Place: Bengaluru, India Date: December 23, 2021	Mahendra Chordia Chief Financial Officer Place: Bengaluru, India Date: December 23, 2021	G. Bhargavi Reddy Company Secretary Membership Number - A17091 Place: Bengaluru, India Date: December 23, 2021
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As per our report of even date

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

per Sandeep Karnani  
Partner  
Membership number: 061207  
Place: Bengaluru, India  
Date: December 23, 2021



**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

**1) Background**

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

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

The Company is held by Capillary Technologies International Pte Ltd., a company incorporated under the laws of Singapore (the “Ultimate Holding Company”). The business of the Ultimate Holding Company is spread across various regions globally and is managed through the Ultimate Holding Company and seven subsidiaries of the Ultimate Holding Company, which are incorporated outside Singapore (collectively the “Capillary Group”).

- i) On July 21, 2021, the Ultimate Holding Company incorporated Capillary Pte Ltd. (“CPL”) under the laws of Singapore with 100 equity shares of SGD 0.01 per share. On September 1, 2021, the Company subscribed 1,385,135,135 equity shares of CPL at a fair value of USD 0.0074 per share aggregating to USD 10.25 million (INR 750.04 million). On October 29, 2021, CPL bought back the shares held by the Ultimate Holding Company and as a result of such buy back, CPL became wholly owned subsidiary of the Company.
- ii) On September 1, 2021 (closing date), CPL executed an Acquisition Agreement and acquired 100% membership interest and shareholding of Persuade Loyalty LLC and Persuade Holdings Inc. (formerly known as Persuade Holdings LLC) respectively (collectively “**the Acquired Enterprises**”) for a total maximum consideration of USD 25.90 million (INR 1,895.23 million). The discharge of said consideration is as follows:
  - a) Upfront cash payout of USD 10.00 million (INR 731.75 million)
  - b) Deferred cash consideration payout of USD 2.50 million (INR 182.94 million) to be paid on or by December 31, 2021
  - c) Cash payout of USD 2.50 million (INR 182.94 million) to paid on or by March 31, 2023 basis certain performance conditions of the Acquired enterprises based on an earnout model,
  - d) Stock issue of the Ultimate Holding Company amounting to USD 10.90 million (INR 797.60 million) on or by March 31, 2023 basis certain performance conditions of the Acquired enterprises based on an earnout model. The Acquired enterprises are engaged in the business of software development services and provides digital, loyalty and analytical services.

The Acquisition Agreement also provides for Employee Stock Options (ESOPs) of the Ultimate Holding Company aggregating to USD 4.10 million (INR 300.02 million) which will be issued by end of March 31, 2023 to the employees of the Acquired enterprises basis certain performance conditions of the Acquired enterprises based on an earnout model. Additionally, these ESOPs will be governed by the terms and conditions of the employment contract (including clauses around continuity of employment) of CPL. Accordingly since the issuance of these grants are dependent on future performance and continuity of the employment and also since it is not directly attributable to the acquisition, management has not considered these as purchase consideration in the proforma financial information. Moreover, considering these ESOP’s will be granted only after a period of nineteen months from the date of acquisition, no acquisition adjustments has been made for the same in the proforma financial information.

CPL has consummated the acquisition on September 1, 2021 by payment of USD 10.00 million (INR 731.75 million) through banking channels which was funded by the aforesaid capital infusion of INR 750.04 million (USD 10.25 million) by the Company. The Company raised the said funds by way of issue of right shares to Ultimate Holding Company amounting to INR 520.11 million, availed general corporate purpose borrowing facility of INR 212.85 million and the balance from its own cash reserves.

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

For the purpose of conversion of USD to INR, management of the Company has used the USD/INR reference rate of 73.1750, being the transaction spot rate considered by RBL Bank Limited as on September 01, 2021.

- iii) On November 1, 2021, CPL entered into a Business and Loan Transfer Agreement (“BLTA”) with the Ultimate Holding Company, to purchase the Business Undertaking (comprising of Business assets and Business liabilities) as defined in the BLTA (‘Business Undertaking’) on a going concern basis including assignment of Innoven loan from Ultimate Holding Company to CPL as defined in the BLTA and further amended vide addendum dated December 21, 2021 between the Ultimate Holding Company and CPL (collectively called “**the Transferred Business**”) for a total consideration of USD 0.22 million (INR 16.13 million) to be settled in cash. The Business Undertaking is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators.

CPL has consummated the above acquisition on November 1, 2021 by payment of USD 0.22 million (INR 16.13 million) to the Ultimate Holding Company. The aforesaid transfer of Business pursuant to the BLTA involves novation/ assignment/ transfer of various contracts, pending execution of such, the business has been transferred with beneficial rights to CPL.

For the purpose of conversion of USD to INR, management of the Company has used the USD/INR reference rate of 74.8343, being the exchange rates as on November 01, 2021 taken from X-rates.com.

- iv) In November 2021, the Ultimate Holding Company and CPL has executed separate Deed of Gift to transfer investment in four subsidiaries (refer below) (“**Transferred Entities**”) of the Ultimate Holding Company to CPL for no consideration.
- a. Capillary Technologies (Malaysia) Sdn. Bhd.,
  - b. Capillary Technologies (Shanghai) Co Ltd,
  - c. Capillary Technologies DMCC,
  - d. PT Capillary Technologies Indonesia

Transferred Entities are engaged in the business of software and data analytical services and providing cloud based intelligent customer engagement software solutions to retail chain operators. The transfer of entities pursuant to Gift Deeds in relation to Capillary Technologies DMCC and Capillary Technologies (Shanghai) Co Ltd involves intimation and updation of filings with the appropriate authorities which the Management of the Company believes are procedural in nature.

## **2) Basis of preparation**

The proforma financial information has been prepared by the Management of the Company for:

- i) Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited),
  - ii) the Acquired enterprises, the Transferred Business and the Transferred Entities (collectively called “Group Acquisitions”) as follows:
- 2.1 The inclusion of Group Acquisitions as part of the proforma financial information as at and for the three months period ended June 30, 2021 and as at and for the year ended March 31, 2021 have been prepared in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the “SEBI Regulations”) issued by the Securities and Exchange Board of India (the “SEBI”) and Guidance note on proforma financial statements issued by Institute Of Chartered Accountants of India (the “ICAI”) to reflect the impact of a significant acquisition as mentioned in point 1 above made after the latest period for which audited financial information is disclosed in the offer document (i.e., June 30, 2021) but before the date of filing the offer document.
- 2.2 The inclusion of Group Acquisitions as part of the proforma financial information as at and for the years ended March 31, 2020 and March 31, 2019 have been voluntarily prepared by the Company considering that the acquisition is significant for the purpose of the business. Considering the financial information of the Group Acquisitions for the period April 1, 2019 to March 31, 2020 and for the period April 1, 2018 to March 31, 2019 is material, the Company, as advised by Book Running Lead Manager's and based on their discussion , included such information in the proforma financial information, although the same is not required to be mandatorily included as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

Regulations, 2018, as amended and Guidance note on proforma financial statements issued by ICAI as the period presented is over and above the requirement of the latest stub period and last financial year. Since there is no framework to reflect the impact of the above Group Acquisitions, the proforma financial information has been prepared in accordance with Guidance note on proforma financial statements issued by ICAI.

- 2.3 The proforma financial information has been prepared specifically for inclusion in the Draft Red Herring Prospectus to be filed by the Company with SEBI, National Stock Exchange and Bombay Stock Exchange in connection with proposed Initial Public Offering (“IPO”).
- 2.4 The proforma financial information are based on the Restated Summary Statement of Assets and Liabilities of the Company, Special Purpose carve-out Financial Statements of the Transferred Business, Special Purpose Ind AS Financial statements of the Transferred Entities and Special Purpose Financial Statements of the Acquired Enterprises, as adjusted to give effect to the said Acquisitions.

The proforma balance sheet of the Company’s financial position as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 gives effect to the Group Acquisitions as if the aforesaid acquisitions had been consummated on June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively. The proforma statement of profit and loss of the Company’s financial performance for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, gives effect to the Group Acquisitions as if the aforesaid acquisitions had consummated on April 01, 2021, April 01, 2020, April 01, 2019 and April 01, 2018 respectively.

Restated Summary Statements have been adjusted in the proforma financial information to give effect to the proforma events that are directly attributable to such acquisitions and factually supportable.

The proforma adjustments are based upon available information and assumptions that the management of the Company believes to be reasonable. Such proforma financial information has not been prepared in accordance with generally accepted accounting principles including accounting standard and accordingly should not be relied upon as if it had been carried out in accordance with those principles and standards. Further, such proforma financial information has not been prepared in accordance with standards and practices acceptable in any other jurisdiction and accordingly, should not be relied upon as if it had been carried out in accordance with standards and practices in any other jurisdiction. Accordingly, the degree of reliance placed by anyone on such proforma financial information should be limited. In addition, the rules and regulations related to the preparation of proforma financial information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs below to prepare these proforma financial information.

Because of their nature, the proforma financial information addresses a hypothetical situation and therefore, do not represent the Company’s factual financial position or results. Accordingly, the proforma financial information does not necessarily reflect what the Company’s financial condition or results of operations would have been had the acquisition occurred on the dates indicated and is also not intended to be indicative of expected financial position or results of operations in future periods. The actual Statements of Assets and Liabilities and Statement of Profit and Loss may differ significantly from the proforma amounts reflected herein due to variety of factors.

They illustrate the results of operations that would have resulted had the Acquisitions been completed at the beginning of the earliest period presented and the financial position had the Group Acquisitions been completed as at year end but are not intended to be indicative of expected results or operations in the future periods or the future financial position of the Company.

- 2.5 The adjustments made to the proforma financial information are included in the following sections.

The proforma financial information is based on:

- a) the Audited Restated Summary Statements of the Company as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

- b) the Audited Special Purpose Carve Out Financial Statements of the Transferred Business as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019.
- c) the Audited Special Purpose Ind AS Financial Statements of Capillary Technologies DMCC, United Arab Emirates as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which M/s Abdulaziz Panis and Shah Associates Chartered Accountants L.L.C., have expressed an unmodified audit opinion in their audit report dated December 09, 2021.
- d) the Audited Special Purpose Ind AS Financial Statements of Capillary Technologies (Shanghai) Co Ltd, Republic of China as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which Shanghai Perfect CPA Partnership, have expressed an unmodified audit opinion in their audit report dated December 08, 2021.
- e) the Audited Special Purpose Ind AS Financial Statements of Capillary Technologies (Malaysia) Sdn Bhd, Malaysia as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which NK Associates, Chartered Accountants, have expressed an unmodified audit opinion in their audit report dated December 06, 2021.
- f) the Audited Special Purpose Ind AS Financial Statements of PT Capillary Technologies Indonesia, Indonesia as at and for the three months period ended June 30, 2021 on which Kantor Akuntan Publik Tanuwijaya have expressed an unmodified audit opinion in their audit report dated December 07, 2021. The Audited Special Purpose Ind AS Financial Statements of PT Capillary Technologies Indonesia, Indonesia as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which Adi Nuroni, Registered Public Accountant, have expressed an unmodified audit opinion in their audit report dated December 07, 2021.
- g) the Audited Special Purpose Financial Statements of Persuade Loyalty LLC, United States of America as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which MSKA & Associates, Chartered Accountants, have expressed an unmodified audit opinion in their audit report dated December 08, 2021.
- h) the Audited Special Purpose Financial Statements of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC), United States of America as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 on which MSKA & Associates, Chartered Accountants, have expressed an unmodified audit opinion in their audit report dated December 08, 2021.

The assumptions and estimates underlying the adjustments to the proforma financial information are described hereinafter which should be read together with the proforma balance sheet, proforma statement of profit and loss and relevant notes thereunder.

The proforma financial information should be read together with the Company's Restated Summary Statements included in the DRHP.

**3) Proforma adjustments**

The following adjustments have been made to present the proforma financial information:

**(A) Group Acquisitions related adjustments:**

The Group Acquisitions have been recorded on the basis of Ind AS 103 Business Combinations. For the purpose of conversion of USD to INR in relation to Group Acquisition related adjustments, management of the Company has used the USD/INR reference rate of 74.3456, 73.5047, 75.3859 and 69.1713 being the closing exchange rates as on June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively taken from X-rates.com.

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

**Summary of acquisition adjustments in the proforma balance sheet**

(INR in Million)

Particulars	Note	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>					
<b>Non-current assets</b>					
<b>Goodwill – on acquisition of Acquired Enterprises</b>	3(A)(a)(i)	1,499.62	1,515.25	1,606.34	1,561.56
<b>Other intangible assets</b>					
Intellectual property rights – on acquisition of Acquired Enterprises	3(A)(a)(ii)	72.00	63.00	37.00	29.00
Customer contracts and related customer relationships – on acquisition of Acquired Enterprises	3(A)(a)(ii)	399.00	392.00	379.00	183.00
Internally generated software – on acquisition of Acquired Enterprises	3(A)(a)(ii)	(7.28)	(6.17)	-	-
<b>Total acquisition adjustments in Other intangible assets</b>		<b>463.72</b>	<b>448.83</b>	<b>416.00</b>	<b>212.00</b>
<b>Intangible assets under development – on acquisition of Acquired Enterprises</b>	3(A)(a)(ii)	-	-	(0.83)	-
<b>Current assets</b>					
<b>Cash and cash equivalents</b>					
On account of Rights issue to the Ultimate Holding Company	3(A)(a)(iv)	520.11	520.11	520.11	520.11
On account of general purpose corporate borrowings by the Company	3(A)(a)(iv)	212.85	212.85	212.85	212.85
On account of upfront partial purchase consideration in relation to the Acquired Subsidiaries	3(A)(a)(v)	(743.46)	(735.05)	(753.86)	(691.71)
On account of settlement of purchase consideration in relation to the Transferred Business	3(A)(b)(i)	(16.02)	(15.84)	(16.25)	(14.91)
<b>Total acquisition adjustments in cash and cash equivalents</b>		<b>(26.52)</b>	<b>(17.93)</b>	<b>(37.15)</b>	<b>26.34</b>

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

(INR in Million)

Particulars	Note	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Equity</b>					
<b>Equity share capital</b>					
<i>On account of Rights issue to the Ultimate Holding Company</i>	3(A)(a)(iv)	0.59	0.59	0.59	0.59
<i>On account of equity share capital of the Acquired Subsidiaries adjusted with purchase consideration</i>	3(A)(i)	(67.44)	(67.44)	(67.44)	(67.44)
<i>On account of equity share capital of the transferred subsidiaries adjusted with Capital Reserve</i>	3(A)(c)(i)	(507.69)	(492.84)	(477.28)	(344.93)
<b>Total acquisition adjustments in equity share capital</b>		<b>(574.54)</b>	<b>(559.69)</b>	<b>(544.13)</b>	<b>(411.78)</b>
<b>Other equity</b>					
<i>On account of equity share capital of the transferred subsidiaries adjusted with Capital Reserve</i>	3(A)(c)(i)	507.69	492.84	477.28	344.93
<i>On account of Rights issue to the Ultimate Holding Company</i>	3(A)(a)(iv)	519.52	519.52	519.52	519.52
<i>On account of general purpose corporate borrowings of the Ultimate Holding Company transferred as part of the Transferred Business</i>	3(A)(b)(ii)	(220.81)	(218.31)	(223.90)	(205.44)
<i>On account of settlement of purchase consideration in relation to the Transferred Business</i>	3(A)(b)(i)	(16.03)	(15.85)	(16.25)	(14.91)
<i>On account of transactions costs in relation to the Acquired Subsidiaries</i>	3(A)(a)(vi)	(8.10)	(8.03)	(8.20)	(7.63)
<i>On account of deemed capital contribution from the Ultimate Holding Company as part of purchase consideration in relation to the Acquired Subsidiaries</i>	3(A)(a)(v)	810.07	800.91	821.40	753.69
<i>On account of other equity of the Acquired Subsidiaries adjusted with purchase consideration</i>	3(A)(i)	24.82	50.68	68.76	27.74
<i>On account of transaction cost relating to tax expenses in relation to Transferred subsidiaries</i>	3(A)(c)(ii)	(6.00)	(6.00)	(6.00)	(6.00)
<b>Total acquisition adjustments in other equity</b>		<b>1,611.16</b>	<b>1,615.76</b>	<b>1,632.61</b>	<b>1,411.90</b>

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

(INR in Million)

Particulars	Note	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Non-current liabilities</b>					
<b>Borrowings</b>					
<i>On account of general purpose corporate borrowings by the Company</i>	3(A)(a)(iv)	110.47	110.47	110.47	110.47
<i>On account of general purpose corporate borrowings of the Ultimate Holding Company transferred as part of the Transferred Business</i>	3(A)(b)(ii)	114.60	113.30	116.20	106.62
<b>Total acquisition adjustments in non-current borrowings</b>		<b>225.07</b>	<b>223.77</b>	<b>226.67</b>	<b>217.09</b>
<b>Other financial liabilities - On account of part purchase consideration in relation to the Acquired Subsidiaries</b>	3(A)(a)(v)	140.03	138.44	141.99	130.28
<b>Deferred tax liabilities (net)</b>					
<i>On account of deferred tax liabilities accounted on transactions related to the Acquired Subsidiaries</i>	3(A)(a)(iii)	128.81	124.93	116.77	66.76
<b>Current liabilities</b>					
<b>Borrowings</b>					
<i>On account of general purpose corporate borrowings by the Company</i>	3(A)(a)(iv)	102.38	102.38	102.38	102.38
<i>On account of general purpose corporate borrowings of the Ultimate Holding Company transferred as part of the Transferred Business</i>	3(A)(b)(ii)	106.21	105.01	107.70	98.82
<b>Total acquisition adjustments in current borrowings</b>		<b>208.59</b>	<b>207.39</b>	<b>210.08</b>	<b>201.20</b>
<b>Trade payables - On account of transactions costs in relation to the Acquired Subsidiaries</b>	3(A)(a)(vi)	8.10	8.03	8.20	7.63
<b>Other financial liabilities - On account of part purchase consideration in relation to the Acquired Subsidiaries</b>	3(A)(a)(v)	183.60	181.52	186.17	170.82
<b>Liabilities for current tax (net) - On account of transaction cost relating to tax expenses in relation to Transferred subsidiaries</b>	3(A)(c)(ii)	6.00	6.00	6.00	6.00

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
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**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

**Summary of acquisition adjustments in the proforma statement of profit or loss**

**(INR in Million)**

<b>Particulars</b>	<b>Note</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Expenses</b>					
<b>Professional and consultancy services –</b>					
<i>On account of transactions costs in relation to the Acquired Subsidiaries</i>	3(A)(a)(vi)	8.10	8.03	8.20	7.63
<b>Depreciation and amortisation expenses</b>					
<i>Amortisation of intangible assets - On account of amortisation of identified intangible as per the PPA of the Acquired Subsidiaries</i>	3(A)(a)(ii)	38.64	149.61	138.67	70.67
<b>Finance costs</b>					
<i>Interest on debts and borrowings - Interest expenses on the general purpose corporate borrowing of the Company</i>	3(A)(a)(iv)	8.40	30.31	30.31	30.31
<i>Interest on debts and borrowings - Interest expenses on the general purpose corporate borrowing of the Ultimate Holding Company</i>	3(A)(b)(ii)	6.38	22.78	23.36	21.43
<i>Interest - others - Interest expenses on unwinding of financial liability relating to purchase consideration of Acquired Subsidiaries</i>	3(A)(a)(v)	8.59	29.45	30.20	27.71
<b>Total acquisition adjustments in finance costs</b>		<b>23.37</b>	<b>82.54</b>	<b>83.87</b>	<b>79.45</b>
<b>Tax expenses</b>					
<i>Current tax - On account of transaction cost relating to tax expenses in relation to Transferred subsidiaries</i>	3(A)(c)(ii)	6.00	6.00	6.00	6.00
<i>Deferred tax charge / (credit) - Deferred tax liability reversed on amortisation and interest expenses</i>	3(A)(a)(iii)	(11.89)	(45.06)	(42.50)	(25.58)



**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
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(a) For acquisition of Acquired enterprises

The purchase consideration of USD 25.90 million has been allocated to the acquired assets and liabilities as follows:

(INR in Million)

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Total Purchase consideration	1,877.15	1,855.91	1,903.42	1,746.50
Net Assets acquired (refer note i)	42.62	16.76	(1.32)	39.70
Fair value of identified intangibles (including intangible assets under development) (refer note ii)	463.72	448.83	415.17	212.00
Deferred tax liability on intangibles and present value adjustment on purchase consideration	(128.81)	(124.93)	(116.77)	(66.76)
Goodwill	1,499.62	1,515.25	1,606.34	1,561.56

Note (i): Net assets are represented by

(INR in Million)

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity Share Capital	67.44	67.44	67.44	67.44
Other Equity	(24.82)	(50.68)	(68.76)	(27.74)

Goodwill and other acquired intangible have been calculated on the basis of allocation of purchase consideration to assets acquired and liabilities assumed by CPL based on their respective book values as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 on provisional basis. Accordingly:

i. Goodwill of INR 1,499.62 million, INR 1,515.25 million, INR 1,606.34 million and INR 1,561.56 million has been recognised as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively being the excess of the aggregate of the estimated purchase consideration over the fair value of net assets (including intangibles) acquired.

The Goodwill and other intangibles computed in case of acquisition of Acquired Enterprises is based on provisional purchase price allocation ("PPA") available with the Company as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019. While performing the provisional PPA, the Company has considered the fair value of assets and liabilities acquired to be equal to their respective book values. Adjustment, resulting from changes in PPA due to movements in book values of net assets of the Acquired Enterprises or on account of any incremental matters arising from the aforesaid date till September 1, 2021 (closing date) will be recorded while concluding on the consolidated financial statements of the Company for the year ending March 31, 2022. Consequently, the value of the resultant goodwill, other intangibles and other assets could be materially different. The final PPA will be determined when we have completed detailed valuations and necessary calculations. The final allocation could differ materially from the provisional allocation used in proforma adjustments. The final allocation may include (i) changes in allocations to specified intangible assets as well as goodwill and (ii) other changes to assets and liabilities.

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
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ii. Customer contracts and related customer relationships amounting to INR 399.00 million, INR 392.00 million, INR 379.00 million and INR 183.00 million, Intellectual property rights (including internally generated software net of reversal of intangible assets under development) amounting to INR 64.72 million, INR 56.83 million, INR 36.17 million and INR 29.00 million valued by an independent valuer cumulatively amounting to INR 463.72 million, INR 448.83 million, INR 415.17 million and INR 212.00 million have been recognised under the head 'Other Intangible assets' and 'Intangible assets under development' in the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively.

Further, the Company has estimated following useful life of the identifiable intangibles for the purpose of proforma financial information:

<b>Intangibles</b>	<b>Years</b>
Customer contracts and related customer relationships	3
Internally generated software	3
Intellectual property rights	3

The amortisation expense amounting to INR 38.64 million, INR 149.61 million, INR 138.67 million and INR 70.67 million has been included in the proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively.

iii. Deferred tax Liability amounting to INR 128.81 million, INR 124.93 million, INR 116.77 million and INR 66.76 million has been recorded as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively on the identified fair value of intangibles and present value adjustment on purchase consideration. Further, reversal of deferred tax liability of INR 9.73 million, INR 37.65 million, INR 34.90 and INR 18.38 million relating to amortisation of intangibles has been considered for in the proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively. Also, there is reversal of deferred tax liability of INR 2.16 million, INR 7.41 million, INR 7.60 million and INR 7.20 million relating to unwinding of financial liability relating to purchase consideration has been considered for in the proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively. The total of reversal of deferred tax liability in the proforma statement of profit and loss on account of the aforementioned reasons amounts to INR 11.89 million, INR 45.06 million, INR 42.50 million and INR 25.58 million for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively.

iv. On August 31, 2021, the Company raised funds amounting to INR 520.11 million by issuance of 58,836 equity shares (face value INR 10) at a premium of INR 8,830 per share to the Ultimate Holding company and INR 212.85 million from general corporate purpose borrowing facility and infused such funds along with certain own cash reserves into CPL in the form of equity share capital. Accordingly, INR 0.59 million, INR 519.52 million, INR 110.47 million and INR 102.38 million has been recorded under equity share capital, securities premium, financial liabilities under non-current borrowings and financial liabilities under current borrowings respectively in the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019. Borrowing cost in relation to the aforesaid loan amounting to INR 8.40 million, INR 30.31 million, INR 30.31 million and INR 30.31 million has been included under finance costs in the proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively.

v. On September 1, 2021, CPL raised funds amounting to USD 10.25 million (762.04 million, 753.42 million, 772.71 million and 709.01 million for June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively) by issuance of equity shares to the Company and have utilised these funds to pay USD 10.00 million (743.46 million, 735.05 million, 753.86 million and 691.71 million for June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively) to the sellers of the Acquired Enterprises towards discharge of upfront partial purchase consideration. Remaining purchase consideration includes:

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- Deferred cash consideration payout of USD 2.5 million to be paid after 4 months from closing date and accordingly INR 183.60 million, INR 181.52 million, INR 186.17 million and INR 170.82 million is disclosed as other financial liabilities under current liabilities after giving effect of discounting as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively.
- Cash payout of USD 2.5 million to be paid after 19 months from closing date basis certain performance conditions of the Acquired enterprises based on an earnout model and accordingly INR 140.03 million, INR 138.44 million, INR 141.99 million and INR 130.28 million is disclosed as other financial liability under non-current liabilities after giving effect of discounting as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively.
- Stock issue of the Ultimate Holding Company amounting to USD 10.90 million after 19 months from closing date basis certain performance conditions of the Acquired enterprises based on an earnout model and accordingly INR 810.07 million, INR 800.91 million, INR 821.40 million and INR 753.69 million is disclosed as deemed capital contribution from Ultimate Holding Company under other equity as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 respectively.

Further, unwinding of financial liability relating to purchase consideration amounting to INR 8.59 million, INR 29.45 million, INR 30.20 million and INR 27.71 million has been included under finance costs in the proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively.

vi. The transaction cost relating to professional consultancy expenses amounting to INR 8.10 million, INR 8.03 million, INR 8.20 million and INR 7.63 million, related to the acquisition of Acquired Enterprises has been recorded under trade payables and professional and consultancy services in the proforma balance sheet and proforma statement of profit and loss as at and for the three months period ended June 30, 2021 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

**(b) For acquisition of Transferred Business**

i. The acquisition of the Transferred Business included in the proforma financial information has been settled in cash by payment of USD 0.22 million equivalent to INR 16.02 million, INR 15.84 million, INR 16.25 million and INR 14.91 million and has been adjusted with Capital as part of the business combination accounting, in the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively. Further, considering it is a common control transaction, the amount lying in Capital after adjustment of purchase consideration in relation to Transferred business amounting to INR 61.73 million, INR 215.49 million, INR 159.27 million and INR 830.35 million has been transferred to capital reserve as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

ii. On August 12, 2021, the Ultimate Holding Company raised funds amounting to USD 3.00 million (INR 220.81 million, INR 218.31 million, INR 223.90 million and INR 205.44 million as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively) from general corporate purpose borrowing facility ("Innoven loan") and infused such funds along with certain own cash reserves into CTIL in the form of equity share capital. This loan has been novated to CPL as a part of the BLTA. Entire shares of Persuade Loyalty LLC owned by CPL along with the guarantees of the Transferred entities has been pledged in favour of the lender. Accordingly, INR 114.60 million, INR 113.30 million, INR 116.20 million and INR 106.62 million has been recorded under financial liabilities under non-current borrowings in the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively. Further, INR 106.21 million, INR 105.01 million, INR 107.70 million and INR 98.82 million has been recorded under financial liabilities under current borrowings in the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively. Borrowing cost in relation to the aforesaid loan amounting to INR 6.38 million, INR 22.78 million, INR 23.36 million and INR 21.43 million has been included under finance costs in the proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

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**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

(INR in Million)

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capital- Acquired (a)	298.57	449.65	399.42	1,050.70
Purchase consideration in INR (refer note 3(A)(b)(i)) (b)	16.03	15.85	16.25	14.91
Loan taken over (refer note 3(A)(b)(ii)) (c)	220.81	218.31	223.90	205.44
Capital Reserve (d=a-b-c)	61.73	215.49	159.27	830.35

(c) For acquisition of the Transferred Entities

i. Since the transfer of shares of the Transferred Entities from Ultimate Holding Company to CPL by way of Gift deeds is a common control transaction under Ind AS 103, the equity share capital of the Transferred Entities amounting to INR 507.69 million, INR 492.84 million, INR 477.28 million and INR 344.93 million has been adjusted with capital reserve as part of the business combination accounting, in the proforma balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

ii. The transaction cost relating to tax expenses on transfer of shares from the Ultimate Holding Company to CPL amounting to INR 6.00 million for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, related to the acquisition of the Transferred Entities has been recorded under current tax expenses and liabilities for current tax (net) in the proforma statement of profit and loss and proforma balance sheet respectively.

**(B) Intragroup elimination adjustments:**

Intragroup transactions and balances in respect of transactions and balances between the Company, the Acquired Enterprises, the Acquired Business and the Transferred Entities that have been eliminated from the proforma financial information as stated below:

(INR in Million)

Intragroup balances	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>				
Other intangible assets	(56.77)	(55.52)	(58.20)	(23.38)
Intangible assets under development	-	-	-	(15.91)
Trade receivables	(390.23)	(245.85)	(79.83)	(16.06)
Other financial assets	(673.25)	(589.61)	(413.54)	(817.93)
<b>Total assets</b>	<b>(1,120.25)</b>	<b>(890.98)</b>	<b>(551.57)</b>	<b>(873.28)</b>
<b>Equity and liabilities</b>				
Other equity	(63.58)	(57.27)	(59.26)	(48.02)
Trade Payables	(1056.67)	(833.71)	(492.31)	(825.26)
<b>Total equity and liabilities</b>	<b>(1,120.25)</b>	<b>(890.98)</b>	<b>(551.57)</b>	<b>(873.28)</b>

**Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)**  
**Notes to the proforma financial information as at and for the three months period ended June 30, 2021**  
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Elimination of Intragroup transactions in Proforma statement of profit and loss for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019

(INR in Million)

<b>Intragroup transactions</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Income</b>				
Revenue from operations	(211.85)	(613.68)	(892.55)	(970.86)
Other income	-	-	(1.12)	-
<b>Expenses</b>				
Professional and consultancy services	(170.13)	(471.32)	(736.61)	(890.70)
Employee benefit expenses	(33.44)	(106.96)	(122.73)	(60.38)
Depreciation and amortisation expenses	(7.65)	(29.95)	(12.03)	(6.98)
Other expenses	-	(2.33)	(4.25)	(6.79)
<b>Other comprehensive income (net)</b>				
Exchange differences on translating the financial statements of a foreign operation	(3.60)	2.08	(1.91)	(8.73)

**4) Earnings per share (EPS):**

The proforma basic and diluted EPS calculation for the three months period ended June 30, 2021 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 has been based on proforma statement of profit and loss for such period and the assumption that the equity shares issued as part of aforesaid transactions were in issue for the whole period for which proforma financial information have been presented.

**5) Impact of COVID – 19:**

The spread of COVID-19 has severely impacted the business operations around the globe including India. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the three months period ended June 30, 2021 and the years ended March 31, 2021 and March 31, 2020. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of this proforma financial information. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Ultimate Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

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**and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019**

6. Other than as mentioned above, no additional adjustments have been made to the proforma balance sheet or the proforma statement of profit and loss to reflect any other transactions of the Company entered into subsequent to June 30, 2021.

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

**Aneesh Reddy Boddu**  
**Director**  
**DIN: 02214511**  
Place: Bengaluru, India  
Date: December 23, 2021

**Anant Choubey**  
**Director**  
**DIN: 06536413**  
Place: Bengaluru, India  
Date: December 23, 2021

**Mahendra Chordia**  
**Chief Financial Officer**  
  
Place: Bengaluru, India  
Date: December 23, 2021

**G. Bhargavi Reddy**  
**Company Secretary**  
**Membership Number - A17091**  
Place: Bengaluru, India  
Date: December 23, 2021

**As per our report of even date**

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

**per Sandeep Karnani**  
**Partner**  
**Membership number: 061207**  
Place: Bengaluru, India  
Date: December 23, 2021

7.1 Property, plant and equipment

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Computers	5.20	0.16	0.05	0.41	0.06	0.01	2.65	-	-	-	-	8.54
Office equipments	0.21	0.03	0.11	-	0.01	-	-	-	-	-	-	0.36
Leasehold improvements	-	0.04	-	-	-	-	-	-	-	-	-	0.04
Furniture and fixtures	0.39	-	0.39	-	0.09	-	0.11	-	-	-	-	0.98
<b>Net book value</b>	<b>5.80</b>	<b>0.23</b>	<b>0.55</b>	<b>0.41</b>	<b>0.16</b>	<b>0.01</b>	<b>2.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.92</b>

8.1 Other intangible assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Intellectual property rights	-	-	-	-	-	-	-	-	72.00	-	72.00	72.00
Customer contracts and related customer relationships	-	-	-	-	-	-	-	-	399.00	-	399.00	399.00
Internally generated software technology	-	305.97	-	-	-	-	7.28	-	(7.28)	(56.77)	(64.05)	249.20
Computer software	3.10	-	-	-	-	-	-	-	-	-	-	3.10
<b>Net book value</b>	<b>3.10</b>	<b>305.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.28</b>	<b>-</b>	<b>463.72</b>	<b>(56.77)</b>	<b>406.95</b>	<b>723.30</b>

9.1 Other financial assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Non-current</b>												
<b>Financial instruments at amortised cost</b>												
Non-current bank balances	88.68	-	1.50	-	-	-	-	-	-	-	-	90.18
<b>Total</b>	<b>88.68</b>	<b>-</b>	<b>1.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90.18</b>
<b>Current</b>												
<b>Financial instruments at amortised cost</b>												
Security deposits - others	3.81	0.53	0.82	2.71	1.53	0.08	0.63	-	-	-	-	10.11
Other receivables from related parties	-	652.60	-	17.24	3.41	-	-	-	-	(673.25)	(673.25)	-
Interest accrued on fixed deposits and others	0.48	-	-	-	-	-	-	-	-	-	-	0.48
Unbilled revenue	11.23	38.72	7.70	1.84	0.73	0.99	0.89	-	-	-	-	62.10
<b>Total</b>	<b>15.52</b>	<b>691.85</b>	<b>8.52</b>	<b>21.79</b>	<b>5.67</b>	<b>1.07</b>	<b>1.52</b>	<b>-</b>	<b>-</b>	<b>(673.25)</b>	<b>(673.25)</b>	<b>72.69</b>

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')

Corporate Identity Number : U72200KA2012PLC063060

Notes to the Proforma Financial Information as at and for the period ended June 30, 2021

(Amount in INR million, unless otherwise stated)

#### 10.1 Other assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Non-current</b>												
<b>Others (Unsecured, considered good)</b>												
Capitalised contract costs	0.96	-	3.19	-	-	0.35	-	-	-	-	-	4.50
<b>Total</b>	<b>0.96</b>	<b>-</b>	<b>3.19</b>	<b>-</b>	<b>-</b>	<b>0.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.50</b>
<b>Current</b>												
<b>Advances other than capital advances</b>												
Unsecured, considered good	-	-	0.33	4.07	0.24	0.34	-	-	-	-	-	4.98
<b>Others (Unsecured, considered good)</b>												
Capitalised contract costs	4.13	-	2.53	-	-	0.23	-	-	-	-	-	6.89
Prepaid expenses	10.47	8.81	3.54	0.72	0.75	0.35	-	-	-	-	-	24.64
Balance with statutory/ government authorities	1.55	-	-	-	-	-	-	-	-	-	-	1.55
Other assets	-	-	-	0.06	-	-	-	-	-	-	-	0.06
<b>Total</b>	<b>16.15</b>	<b>8.81</b>	<b>6.40</b>	<b>4.85</b>	<b>0.99</b>	<b>0.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38.12</b>

#### 11.1 Financial liabilities - Borrowings

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Non-current</b>												
<b>Loans from related parties:</b>												
External Commercial Borrowing ('ECB') from Holding Company (unsecured)	74.33	-	-	-	-	-	-	-	-	-	-	74.33
<b>Term loans from others:</b>												
Term loan from bank (secured)	-	-	-	-	-	-	11.89	-	-	-	-	11.89
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	225.07	-	225.07	225.07
<b>Total</b>	<b>74.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.89</b>	<b>-</b>	<b>225.07</b>	<b>-</b>	<b>225.07</b>	<b>311.29</b>
<b>Current</b>												
<b>Loans from related parties:</b>												
External Commercial Borrowing ('ECB') from Holding Company (unsecured)	74.33	-	-	-	-	-	-	-	-	-	-	74.33
<b>Term loans from others:</b>												
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	208.59	-	208.59	208.59
<b>Short-term borrowings:</b>												
Bank overdrafts (secured)	50.00	-	-	-	-	-	-	-	-	-	-	50.00
<b>Total</b>	<b>124.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208.59</b>	<b>-</b>	<b>208.59</b>	<b>332.92</b>



Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number : U72200KA2012PLC063060  
Notes to the Proforma Financial Information as at and for the period ended June 30, 2021  
(Amount in INR million, unless otherwise stated)

12.1 Other financial liabilities

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
At amortised cost												
Non Current												
Payable towards shares purchase	-	-	-	-	-	-	-	-	140.03	-	140.03	140.03
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140.03</b>	<b>-</b>	<b>140.03</b>	<b>140.03</b>
Current												
Accrued salaries and benefits	10.49	2.08	17.36	2.47	4.17	0.62	11.45	-	-	-	-	48.64
Interest accrued on borrowings	9.69	-	-	-	-	-	0.42	-	-	-	-	10.11
Payable towards capital goods	0.52	-	-	-	-	-	-	-	-	-	-	0.52
Payable towards shares purchase	-	-	-	-	-	-	-	-	183.60	-	183.60	183.60
<b>Total</b>	<b>20.70</b>	<b>2.08</b>	<b>17.36</b>	<b>2.47</b>	<b>4.17</b>	<b>0.62</b>	<b>11.87</b>	<b>-</b>	<b>183.60</b>	<b>-</b>	<b>183.60</b>	<b>242.87</b>

13.1 Other liabilities

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at June 30, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at June 30, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at June 30, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at June 30, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at June 30, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at June 30, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Current												
Deferred revenue	66.58	138.61	85.30	26.85	11.53	41.81	17.88	-	-	-	-	388.56
Advance from customers	0.61	-	-	-	-	-	-	-	-	-	-	0.61
Statutory dues payable	21.26	3.54	2.06	1.71	0.98	3.38	-	-	-	-	-	32.93
<b>Total</b>	<b>88.45</b>	<b>142.15</b>	<b>87.36</b>	<b>28.56</b>	<b>12.51</b>	<b>45.19</b>	<b>17.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422.10</b>

14.1 Revenue from operations

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Sale of services												
Service income from group companies	211.85	-	-	-	-	-	-	-	-	(211.85)	(211.85)	-
Installation income from external customers	13.78	10.77	9.59	3.26	0.31	1.64	85.42	-	-	-	-	124.77
Retainership and other income from external customers	91.68	72.87	47.34	25.39	7.38	9.13	38.53	-	-	-	-	292.32
Income from campaign services	14.35	15.42	42.35	4.25	0.84	4.94	-	-	-	-	-	82.15
Total	331.66	99.06	99.28	32.90	8.53	15.71	123.95	-	-	(211.85)	(211.85)	499.24

15.1 Other income

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Provisions/liabilities no longer required written back	0.68	3.25	-	-	-	0.20	-	-	-	-	-	4.13
Gain on account of foreign exchange fluctuations (net)	2.72	-	-	-	-	0.08	-	-	-	-	-	2.80
Other non-operating income	-	0.27	-	0.26	0.03	0.13	-	-	-	-	-	0.69
Total	3.40	3.52	-	0.26	0.03	0.41	-	-	-	-	-	7.62

16.1 Finance income

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Interest income on bank deposits	1.94	-	-	0.01	-	0.17	-	-	-	-	-	2.12
Interest income on security deposits	-	-	-	-	0.01	-	0.01	-	-	-	-	0.02
Total	1.94	-	-	0.01	0.01	0.17	0.01	-	-	-	-	2.14

17.1 Employee benefit expenses

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Salaries, wages and bonus	184.03	11.03	21.67	12.85	6.36	4.37	61.94	-	-	(33.44)	(33.44)	268.81
Sales commission expenses	1.32	2.45	0.93	-	0.08	-	-	-	-	-	-	4.78
Contribution to provident and other funds	1.90	0.44	-	2.85	0.58	0.17	0.79	-	-	-	-	6.73
Employee stock option expenses	35.67	0.52	0.69	0.10	2.84	0.22	5.95	-	-	-	-	45.99
Gratuity expenses	2.68	-	-	-	-	-	-	-	-	-	-	2.68
Staff welfare expenses	2.65	0.22	0.94	0.35	0.23	0.28	0.73	-	-	-	-	5.40
Staff training and recruitment expenses	0.60	1.34	-	0.07	-	-	-	-	-	-	-	2.01
Total	228.85	16.00	24.23	16.22	10.01	5.12	69.41	-	-	(33.44)	(33.44)	336.40

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number : U72200KA2012PLC063060  
Notes to the Proforma Financial Information as at and for the period ended June 30, 2021  
(Amount in INR million, unless otherwise stated)

18.1 Finance costs

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Interest on debts and borrowings	1.97	-	-	-	-	-	0.38	-	14.78	-	14.78	17.13
Interest on lease liabilities	0.89	-	-	-	0.03	-	0.08	-	-	-	-	1.00
Interest - others	-	-	-	-	-	-	-	-	8.59	-	8.59	8.59
Bank charges	0.99	0.60	0.14	-	-	0.04	0.34	-	-	-	-	2.11
<b>Total</b>	<b>3.85</b>	<b>0.60</b>	<b>0.14</b>	<b>-</b>	<b>0.03</b>	<b>0.04</b>	<b>0.80</b>	<b>-</b>	<b>23.37</b>	<b>-</b>	<b>23.37</b>	<b>28.83</b>

19.1 Depreciation and amortisation expenses

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Depreciation of property, plant and equipment	0.66	0.02	0.05	0.06	0.02	-	0.40	-	-	-	-	1.21
Amortisation of intangible assets	0.39	41.70	-	-	-	-	0.71	-	38.64	(7.65)	30.99	73.79
Depreciation of right-of-use assets	5.97	-	-	-	0.39	-	1.51	-	-	-	-	7.87
<b>Total</b>	<b>7.02</b>	<b>41.72</b>	<b>0.05</b>	<b>0.06</b>	<b>0.41</b>	<b>-</b>	<b>2.62</b>	<b>-</b>	<b>38.64</b>	<b>(7.65)</b>	<b>30.99</b>	<b>82.87</b>

20.1 Other expenses

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the three months period ended June 30, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the three months period ended June 30, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the three months period ended June 30, 2021	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the three months period ended June 30, 2021
									Acquisition adjustments [Refer note 3(A)]	Intragroup elimination adjustments [Refer note 3(B)]		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Travelling and conveyance	0.17	0.77	0.26	0.68	0.06	0.05	0.91	-	-	-	-	2.90
Rent	0.02	-	0.42	1.17	-	0.12	-	-	-	-	-	1.73
Communication costs	1.17	0.11	0.26	0.11	0.13	0.04	0.39	-	-	-	-	2.21
Payment to auditor	5.00	1.17	0.40	0.95	0.18	0.52	-	-	-	-	-	8.22
Provision for doubtful trade receivables and advances (including bad debts written off)	0.46	5.88	2.10	-	-	-	0.21	-	-	-	-	8.65
Advances/ deposits written off	1.12	-	-	-	-	-	-	-	-	-	-	1.12
Selling and marketing expenses	2.58	13.62	1.82	0.77	-	0.18	2.87	-	-	-	-	21.84
Repairs and maintenance - others	0.52	-	-	-	0.04	-	3.06	-	-	-	-	3.62
Loss on account of foreign exchange fluctuations (net)	-	0.55	0.06	0.23	0.06	-	-	-	-	-	-	0.90
Rates and taxes	-	0.56	0.38	0.14	-	0.58	0.03	-	-	-	-	1.69
Software and server charges	7.04	40.68	12.90	6.70	0.01	-	-	-	-	-	-	67.33
Miscellaneous expenses	1.37	1.32	-	0.05	-	-	1.29	-	-	-	-	4.03
<b>Total</b>	<b>19.45</b>	<b>64.66</b>	<b>18.60</b>	<b>10.80</b>	<b>0.48</b>	<b>1.49</b>	<b>8.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124.24</b>

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U72200KA2012PLC063060  
Notes to the Proforma Financial Information for the year ended March 31, 2021  
(Amount in INR million, unless otherwise stated)

7.2 Property, plant and equipment

													Proforma adjustments		
Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021			
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K			
Computers	5.16	0.09	0.06	0.47	0.08	0.02	1.69	-	-	-	-	7.57			
Furniture and fixtures	0.45	-	0.41	-	0.09	-	0.12	-	-	-	-	1.07			
Office equipments	0.24	0.02	0.11	-	0.01	-	-	-	-	-	-	0.38			
Leasehold improvements	-	0.05	-	-	-	-	-	-	-	-	-	0.05			
Net book value	5.85	0.16	0.58	0.47	0.18	0.02	1.81	-	-	-	-	9.07			

8.2 Other intangible assets

										Proforma adjustments			
Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021	
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K	
Intellectual property rights	-	-	-	-	-	-	-	-	63.00	-	63.00	63.00	
Computer software	3.49	-	-	-	-	-	-	-	-	-	-	3.49	
Customer contracts and related customer relationships	-	-	-	-	-	-	-	-	392.00	-	392.00	392.00	
Internally generated software	-	297.25	-	-	-	-	6.17	-	(6.17)	(55.52)	(61.69)	241.73	
Net book value	3.49	297.25	-	-	-	-	6.17	-	448.83	(55.52)	393.31	700.22	

9.2 Other financial assets

									Proforma adjustments			
Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Non-current												
Non-current bank balances	87.26	-	1.49	-	-	-	-	-	-	-	-	88.75
Total	87.26	-	1.49	-	-	-	-	-	-	-	-	88.75
Current												
Security deposits - others	3.81	0.51	0.99	2.65	1.52	0.08	0.62	-	-	-	-	10.18
Interest accrued on fixed deposits	0.38	-	-	-	-	-	-	-	-	-	-	0.38
Other receivables from related parties	-	573.92	-	12.30	3.39	-	-	-	-	(589.61)	(589.61)	-
Unbilled revenue	19.00	31.44	10.91	6.66	0.72	1.08	-	-	-	-	-	69.81
Total	23.19	605.87	11.90	21.61	5.63	1.16	0.62	-	-	(589.61)	(589.61)	80.37

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')

Corporate Identity Number (CIN): U72200KA2012PLC063060

Notes to the Proforma Financial Information for the year ended March 31, 2021

(Amount in INR million, unless otherwise stated)

10.2 Other assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021
									Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Non-current</b>												
<b>Others (Unsecured, considered good)</b>												
Capitalised contract costs	1.72	-	2.71	-	-	0.34	-	-	-	-	-	4.77
<b>Total</b>	<b>1.72</b>	<b>-</b>	<b>2.71</b>	<b>-</b>	<b>-</b>	<b>0.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.77</b>
<b>Current</b>												
<b>Advances other than capital advances</b>												
Unsecured, considered good	0.69	-	-	1.10	0.07	0.39	-	-	-	-	-	2.25
<b>Others (Unsecured, considered good)</b>												
Prepaid expenses	12.24	12.02	3.17	1.02	0.22	0.21	-	-	-	-	-	28.88
Balance with statutory / government authorities	1.55	-	1.10	-	-	-	-	-	-	-	-	2.65
Capitalised contract costs	4.68	3.75	2.72	-	-	0.31	-	-	-	-	-	11.46
Other assets	-	-	-	0.06	-	-	-	-	-	-	-	0.06
<b>Total</b>	<b>19.16</b>	<b>15.77</b>	<b>6.99</b>	<b>2.18</b>	<b>0.29</b>	<b>0.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.30</b>

11.2 Financial liabilities - Borrowings

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021
									Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Non-current</b>												
<b>Loans from related parties:</b>												
External Commercial Borrowing ('ECB') from Holding Company (unsecured)	73.15	-	-	-	-	-	-	-	-	-	-	73.15
<b>Term loans from others:</b>												
Term Loan from bank (secured)	-	-	-	-	-	-	11.71	-	-	-	-	11.71
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	223.77	-	223.77	223.77
<b>Total</b>	<b>73.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.71</b>	<b>-</b>	<b>223.77</b>	<b>-</b>	<b>223.77</b>	<b>308.63</b>
<b>Current</b>												
<b>Current maturities of long-term borrowings:</b>												
<b>Loans from related parties:</b>												
External Commercial Borrowing ('ECB') from Holding Company (unsecured)	73.15	-	-	-	-	-	-	-	-	-	-	73.15
<b>Term loans from others:</b>												
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	207.39	-	207.39	207.39
<b>Short-term borrowings:</b>												
Bank overdraft (secured)	45.00	-	-	-	-	-	-	-	-	-	-	45.00
<b>Total</b>	<b>118.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207.39</b>	<b>-</b>	<b>207.39</b>	<b>325.54</b>

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U72200KA2012PLC063060  
Notes to the Proforma Financial Information for the year ended March 31, 2021  
(Amount in INR million, unless otherwise stated)

12.2 Other financial liabilities

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021
									Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Non-current</b>												
<b>At amortised cost</b>												
Payable towards share purchase	-	-	-	-	-	-	-	-	138.44	-	138.44	138.44
<b>Total</b>	-	-	-	-	-	-	-	-	138.44	-	138.44	138.44
<b>Current</b>												
<b>At amortised cost</b>												
Payable towards capital goods - dues to micro enterprises and small enterprises	2.13	-	-	-	-	-	-	-	-	-	-	2.13
Payable towards capital goods - dues to creditors other than micro enterprises and small enterprises	0.11	-	-	-	-	-	-	-	-	-	-	0.11
Payable towards share purchase	-	-	-	-	-	-	-	-	181.52	-	181.52	181.52
Accrued salaries and benefits	56.35	8.29	17.11	6.55	6.53	0.81	14.78	-	-	-	-	110.42
Interest accrued on borrowings	8.14	-	-	-	-	-	0.31	-	-	-	-	8.45
<b>Total</b>	66.73	8.29	17.11	6.55	6.53	0.81	15.09	-	181.52	-	181.52	302.63

13.2 Other liabilities

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2021	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2021	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2021	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2021	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2021	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2021	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2021
									Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
<b>Current</b>												
Deferred revenue	54.21	106.82	88.19	18.69	10.95	34.70	38.53	-	-	-	-	352.09
Statutory dues payable	26.32	3.32	-	2.17	1.77	1.17	-	-	-	-	-	34.75
Advance from customers	0.40	-	-	-	-	-	-	-	-	-	-	0.40
<b>Total</b>	80.93	110.14	88.19	20.86	12.72	35.87	38.53	-	-	-	-	387.24

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U72200KA2012PLC063060  
Notes to the Proforma Financial Information for the year ended March 31, 2021  
(Amount in INR million, unless otherwise stated)

14.2 Revenue from operations

										Proforma adjustments				
Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K		
Service income from group companies	611.35	-	-	-	-	-	-	2.33	-	(613.68)	(613.68)	-		
Installation income from external customers	43.59	83.59	46.02	19.38	2.07	13.50	162.72	-	-	-	-	370.87		
Retainership and other income from external customers	402.24	323.25	238.53	100.18	31.34	51.83	83.69	-	-	-	-	1,231.06		
Income from campaign services	91.85	39.74	192.73	6.03	12.06	11.18	-	-	-	-	-	353.59		
Total	1,149.03	446.58	477.28	125.59	45.47	76.51	246.41	2.33	-	(613.68)	(613.68)	1,955.52		

15.2 Other income

										Proforma adjustments				
Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve-out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K		
	Export incentives	49.23	-	-	-	-	-	-	-	-	-	-	49.23	
Gain on account of foreign exchange fluctuations (net)	7.64	-	-	-	2.02	5.60	-	-	-	-	-	15.26		
Provision for doubtful trade receivables and advances, no longer required written back	3.65	-	-	-	-	-	-	-	-	-	-	3.65		
Provisions / liabilities no longer required written back	-	3.99	10.56	-	0.68	0.59	-	-	-	-	-	15.82		
Government grants	-	-	-	-	-	-	11.16	-	-	-	-	11.16		
Net gain on modification of lease contracts	8.43	-	-	-	-	-	-	-	-	-	-	8.43		
Net gain on disposal of property, plant and equipment	0.55	-	-	-	-	-	-	-	-	-	-	0.55		
Other non-operating income	0.70	3.68	4.94	0.41	0.32	0.49	-	-	-	-	-	10.54		
Total	70.20	7.67	15.50	0.41	3.02	6.68	11.16	-	-	-	-	114.64		

16.2 Finance income

										Proforma adjustments		
Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
	Interest income on bank deposits	3.76	-	-	0.06	-	0.49	-	-	-	-	-
Interest income on income tax refund	8.58	-	-	-	-	-	-	-	-	-	-	8.58
Interest income on security deposits	-	-	-	-	0.02	-	0.02	-	-	-	-	0.04
<b>Total</b>	<b>12.34</b>	<b>-</b>	<b>-</b>	<b>0.06</b>	<b>0.02</b>	<b>0.49</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.93</b>

Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U72200KA2012PLC063060  
Notes to the Proforma Financial Information for the year ended March 31, 2021  
(Amount in INR million, unless otherwise stated)

17.2 Employee benefit expenses

Particulars	Proforma adjustments												Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021
	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))				
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K		
Salaries, wages and bonus	644.28	71.23	64.68	81.42	23.02	13.24	141.19	-	-	(106.96)	(106.96)	932.10		
Sales commission expenses	6.64	11.37	10.29	-	0.46	0.16	-	-	-	-	-	28.92		
Contribution to provident and other funds	7.90	1.46	-	7.85	1.89	0.47	1.06	-	-	-	-	20.63		
Employee stock option expenses	35.70	0.52	0.66	0.52	1.13	-	18.17	-	-	-	-	56.70		
Gratuity expenses	10.50	-	-	-	-	-	-	-	-	-	-	10.50		
Staff welfare expenses	12.62	2.09	4.03	2.28	1.02	0.43	1.39	-	-	-	-	23.86		
Staff training and recruitment expenses	1.14	0.73	-	0.22	0.41	-	-	-	-	-	-	2.50		
<b>Total</b>	<b>718.78</b>	<b>87.40</b>	<b>79.66</b>	<b>92.29</b>	<b>27.93</b>	<b>14.30</b>	<b>161.81</b>	<b>-</b>	<b>-</b>	<b>(106.96)</b>	<b>(106.96)</b>	<b>1,075.21</b>		

18.2 Finance costs

Particulars	Proforma adjustments												Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021
	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))				
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K		
Interest on debts and borrowings	11.11	-	-	-	-	-	1.69	-	53.09	-	53.09	65.89		
Interest on lease liabilities	3.96	-	-	-	0.16	-	0.17	-	-	-	-	4.29		
Interest - others	1.61	-	0.16	-	-	-	-	-	29.45	-	29.45	31.22		
Bank charges	2.02	2.26	0.92	0.01	0.01	0.13	1.67	-	-	-	-	7.02		
<b>Total</b>	<b>18.70</b>	<b>2.26</b>	<b>1.08</b>	<b>0.01</b>	<b>0.17</b>	<b>0.13</b>	<b>3.53</b>	<b>-</b>	<b>82.54</b>	<b>-</b>	<b>82.54</b>	<b>108.42</b>		

19.2 Depreciation and amortisation expenses

Particulars	Proforma adjustments												Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021
	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2021	Special purpose Statement of Profit And Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2021	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2021	Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))				
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K		
Depreciation of property, plant and equipment	7.66	0.52	0.96	0.68	0.18	0.03	0.68	-	-	-	-	10.71		
Amortisation of intangible assets	2.60	167.34	-	-	-	-	0.55	-	149.61	(29.95)	119.66	290.15		
Depreciation of right-of-use assets	23.89	-	-	-	1.54	-	5.89	-	-	-	-	31.32		
<b>Total</b>	<b>34.15</b>	<b>167.86</b>	<b>0.96</b>	<b>0.68</b>	<b>1.72</b>	<b>0.03</b>	<b>7.12</b>	<b>-</b>	<b>149.61</b>	<b>(29.95)</b>	<b>119.66</b>	<b>332.18</b>		



Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited')  
Corporate Identity Number (CIN): U72200KA2012PLC063060  
Notes to the Proforma Financial Information for the year ended March 31, 2021  
(Amount in INR million, unless otherwise stated)

20.2 Other expenses

													Proforma adjustments					
Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2021														Acquisition adjustments (refer note 3(A))	Intragroup elimination adjustments (refer note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2021
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K						
Travelling and conveyance	2.53	2.46	2.01	4.14	0.45	1.06	1.21	-	-	-	-	-	13.86					
Rent	6.59	0.42	2.14	6.16	-	0.60	-	-	-	-	-	-	15.91					
Communication costs	5.06	0.67	1.21	0.87	0.46	0.22	0.74	-	-	-	-	-	9.23					
Payment to Auditor	2.17	6.13	0.30	0.15	0.12	0.19	-	-	-	-	-	-	9.06					
Power and fuel	0.01	-	0.02	-	0.04	0.01	-	-	-	-	-	-	0.08					
Provision for doubtful trade receivables and advances (including bad debts written off)	-	-	-	-	-	0.23	1.14	-	-	-	-	-	1.37					
Advances/ deposits written off	5.75	1.54	-	-	-	0.19	-	-	-	-	-	-	7.48					
Selling and maketing expenses	11.04	50.95	2.39	1.92	0.29	0.66	3.39	-	-	-	-	-	70.64					
Intangible assets under development written off	-	2.29	-	-	-	-	-	-	-	-	-	-	2.29					
Repairs and maintenance - others	1.73	1.22	0.48	0.03	0.16	0.22	11.80	-	-	-	-	-	15.64					
Loss on account of foreign exchange fluctuations (net)	-	19.48	0.23	0.48	-	-	-	-	-	-	-	-	20.19					
Rates and taxes	1.95	1.02	2.17	1.01	-	3.39	0.02	-	-	-	-	-	9.56					
Software and server charges	34.77	125.22	47.25	30.85	-	-	-	-	-	-	-	-	238.09					
License fees	-	-	-	-	-	-	2.33	-	-	-	(2.33)	(2.33)	-					
Miscellaneous expenses	6.66	3.95	3.46	0.04	-	0.06	4.84	-	-	-	-	-	19.01					
Total	78.26	215.35	61.66	45.65	1.52	6.83	25.47	-	-	-	(2.33)	(2.33)	432.41					

7.3
 Property, plant and equipment

Particulars											Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))				
	(As adjusted)													
Computers	6.79	0.46	0.16	1.07	0.20	0.04	0.30	-	-	-	-	-	-	9.02
Furniture and fixtures	1.84	-	0.57	-	0.12	-	0.16	-	-	-	-	-	-	2.69
Office equipments	1.53	0.09	0.17	-	0.02	-	-	-	-	-	-	-	-	1.81
Leasehold improvements	0.41	0.11	0.36	-	-	-	-	-	-	-	-	-	-	0.88
Net book value	10.57	0.66	1.26	1.07	0.34	0.04	0.46	-	-	-	-	-	-	14.40

8.3
 Other intangible assets

Particulars											Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))				
	(As adjusted)													
Intellectual property rights	-	0.62	-	-	-	-	-	-	37.00	-	-	37.00	-	37.62
Computer Software	4.29	-	-	-	-	-	-	-	-	-	-	-	-	4.29
Customer contracts and related customer relationships	-	-	-	-	-	-	-	-	379.00	-	-	379.00	-	379.00
Internally generated software	-	307.66	-	-	-	-	-	-	-	(58.20)	-	(58.20)	-	249.46
Net book value	4.29	308.28	-	-	-	-	-	-	416.00	(58.20)	-	357.80	-	670.37

9.3
 Other financial assets

Particulars											Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))				
	(As adjusted)													
Non-current														
Financial instruments at amortised cost														
Security deposits - others	11.78	-	-	-	-	-	0.62	-	-	-	-	-	-	12.40
Non-current bank balances	63.33	-	1.52	-	-	-	-	-	-	-	-	-	-	64.85
Total	75.11	-	1.52	-	-	-	0.62	-	-	-	-	-	-	77.25
Current														
Financial instruments at amortised cost														
Security deposits - others	9.07	2.14	2.03	2.51	1.60	-	-	-	-	-	-	-	-	17.35
Interest accrued on fixed deposits	0.34	-	-	-	-	-	-	-	-	-	-	-	-	0.34
Other receivables from related parties	8.79	404.75	-	-	-	-	-	-	-	(413.54)	-	(413.54)	-	-
Unbilled revenue	19.41	4.63	15.76	1.62	0.73	0.66	2.06	-	-	-	-	-	-	44.87
Total	37.61	411.52	17.79	4.13	2.33	0.66	2.06	-	-	(413.54)	-	(413.54)	-	62.56

10.3 Other assets

Particulars	Proforma adjustments										
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	(As adjusted)										
Non-current	A	B	C	D	E	F	G	H	I	J	L = A+B+C+D+E+F+G+H+K
Others (Unsecured, considered good)											
Capitalised contract costs	6.13	12.59	3.56	-	-	-	-	-	-	-	22.28
Total	6.13	12.59	3.56	-	-	-	-	-	-	-	22.28
Current											
Advances other than capital advances											
Unsecured, considered good	4.59	-	0.35	-	0.04	0.19	-	-	-	-	5.17
Others (Unsecured, considered good)											
Prepaid expenses	10.73	8.87	4.98	2.34	0.16	0.60	-	-	-	-	27.68
Balance with statutory / government authorities	-	-	1.36	0.55	-	-	-	-	-	-	1.91
Capitalised contract costs	6.07	10.19	8.01	8.37	-	-	-	-	-	-	32.64
Other assets	-	-	0.09	-	-	-	-	-	-	-	0.09
Total	21.39	19.06	14.70	11.35	0.20	0.79	-	-	-	-	67.49

11.3 Financial liabilities - Borrowings

Particulars	Proforma adjustments										
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	(As adjusted)										
Non-current	A	B	C	D	E	F	G	H	I	J	L = A+B+C+D+E+F+G+H+K
Loans from related parties:											
External Commercial Borrowing ('ECB') from Holding Company (unsecured)	150.94	-	-	-	-	-	-	-	-	-	150.94
Term loans from others:											
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	226.67	-	226.67
Total	150.94	-	-	-	-	-	-	-	226.67	-	377.61
Current											
Current maturities of long-term borrowings:											
Term loans from others:											
Indian rupee term loans from others (secured)	16.37	-	-	-	-	-	-	-	-	-	16.37
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	210.08	-	210.08
Short-term borrowings:											
Working Capital loans from a bank (secured)	76.81	-	-	-	-	-	7.72	-	-	-	84.53
Total	93.18	-	-	-	-	-	7.72	-	210.08	-	310.98

12.3 Other financial liabilities

Particulars	Proforma adjustments										
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments	Intragroup elimination adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	(As adjusted)								(Refer Note 3(A))	(Refer Note 3(B))	L = A+B+C+D+E+F+G+H+K
Non-current	A	B	C	D	E	F	G	H	I	J	K = I+J
At amortised cost											
Payable towards share purchase	-	-	-	-	-	-	-	-	141.99	-	141.99
Total	-	-	-	-	-	-	-	-	141.99	-	141.99
Current											
At amortised cost											
Payable towards capital goods - dues to micro enterprises and small enterprises	0.68	-	-	-	-	-	-	-	-	-	0.68
Payable towards capital goods - dues to creditors other than micro enterprises and small enterprises	2.48	-	-	-	-	-	-	-	-	-	2.48
Payable towards share purchase	-	-	-	-	-	-	-	-	186.17	-	186.17
Accrued salaries and benefits	58.79	24.87	27.96	18.09	7.52	0.05	7.74	-	-	-	145.02
Interest accrued on borrowings	1.52	-	-	-	-	-	-	-	-	-	1.52
Total	63.47	24.87	27.96	18.09	7.52	0.05	7.74	-	186.17	-	335.87

13.3 Other liabilities

Particulars	Proforma adjustments										
	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') as at March 31, 2020	Special purpose Carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies Shanghai Co. Ltd as at March 31, 2020	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn Bhd as at March 31, 2020	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2020	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2020	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2020	Acquisition adjustments	Intragroup elimination adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2020
	(As adjusted)								(Refer Note 3(A))	(Refer Note 3(B))	L = A+B+C+D+E+F+G+H+K
Current	A	B	C	D	E	F	G	H	I	J	K = I+J
Deferred revenue	56.76	181.24	86.16	6.81	9.38	25.63	2.05	-	-	-	368.03
Statutory dues payable	26.39	3.42	-	0.58	1.30	1.04	-	-	-	-	32.73
Advance from customers	1.08	-	-	-	-	-	-	-	-	-	1.08
Total	84.23	184.66	86.16	7.39	10.68	26.67	2.05	-	-	-	401.84

14.3 Revenue from operations

Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Proforma adjustments		Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020	
									Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))		Total adjustments
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Service income from group companies	888.30	-	-	-	-	-	-	4.25	-	(892.55)	(892.55)	-
Installation income from external customers	24.86	65.64	52.20	52.01	9.85	6.68	32.97	-	-	-	-	244.21
Retainership and other income from external customers	492.28	283.18	310.98	58.93	27.55	58.37	95.56	-	-	-	-	1,326.85
Income from campaign services	255.79	47.11	339.90	5.09	7.84	20.15	-	-	-	-	-	675.88
<b>Total revenue from operations</b>	<b>1,661.23</b>	<b>395.93</b>	<b>703.08</b>	<b>116.03</b>	<b>45.24</b>	<b>85.20</b>	<b>128.53</b>	<b>4.25</b>	<b>-</b>	<b>(892.55)</b>	<b>(892.55)</b>	<b>2,246.94</b>

15.3 Other income

Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Proforma adjustments										Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020
			Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Acquisition adjustments	Intragroup elimination adjustments	Total adjustments		
									(Refer Note 3(A))	(Refer Note 3(B))			
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K	
Provisions/liabilities no longer required written back	1.76	11.90	0.73	-	0.09	-	-	-	-	(1.12)	(1.12)	13.36	
Net gain on disposal of financial instruments	-	-	0.84	-	-	-	-	-	-	-	-	0.84	
Net gain on disposal of property, plant and equipment	0.01	-	-	-	-	-	-	-	-	-	-	0.01	
Other non-operating income	-	-	2.29	0.59	1.02	0.05	-	-	-	-	-	3.95	
Total	1.77	11.90	3.86	0.59	1.11	0.05	-	-	-	(1.12)	(1.12)	18.16	

16.3 Finance income

Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Proforma adjustments		Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020	
									Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))		Total adjustments
A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K	
Interest income on bank deposits	4.45	-	-	0.02	-	0.27	-	-	-	-	4.74	
Interest income on income tax refund	5.30	-	-	-	-	-	-	-	-	-	5.30	
Interest income on security deposits	3.24	-	-	-	0.02	-	0.02	-	-	-	3.28	
Total	12.99	-	-	0.02	0.02	0.27	0.02	-	-	-	13.32	

17.3 Employee benefit expenses

											Proforma adjustments			
Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K		
Salaries, wages and bonus	883.59	82.53	137.90	129.03	17.67	14.21	63.93	-	-	(122.73)	(122.73)	1,206.13		
Sales commission expenses	4.96	11.18	6.81	5.71	4.35	0.26	-	-	-	-	-	33.27		
Contribution to provident and other funds	12.70	1.52	-	28.26	1.22	0.68	-	-	-	-	-	44.38		
Employee stock option expenses	39.82	1.55	-	1.30	0.16	-	17.61	-	-	-	-	60.44		
Gratuity expenses	11.95	-	-	-	-	-	-	-	-	-	-	11.95		
Staff welfare expenses	28.88	3.03	6.71	4.35	0.64	0.93	2.94	-	-	-	-	47.48		
Staff training and recruitment expenses	0.58	0.99	2.14	0.12	0.39	0.76	-	-	-	-	-	4.98		
Total	982.48	100.80	153.56	168.77	24.43	16.84	84.48	-	-	(122.73)	(122.73)	1,408.63		

18.3 Finance costs

											Proforma adjustments			
Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd. for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Acquisition adjustments	Intragroup elimination adjustments	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020		
									(Refer Note 3(A))	(Refer Note 3(B))				
A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K			
Interest on debts and borrowings	19.40	-	-	-	-	-	1.30	-	53.67	-	53.67	74.37		
Interest on lease liabilities	5.55	-	0.10	-	0.21	-	0.15	-	-	-	-	6.01		
Interest - others	3.75	-	-	-	-	-	-	-	30.20	-	30.20	33.95		
Bank charges	3.57	3.65	0.84	0.01	0.01	0.09	1.03	-	-	-	-	9.20		
Total	32.27	3.65	0.94	0.01	0.22	0.09	2.48	-	83.87	-	83.87	123.53		

19.3 Depreciation and amortisation expenses

													Proforma adjustments			
Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))	Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020				
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K				
Depreciation of property, plant and equipment	11.63	0.84		1.71	1.62	0.18	0.08	0.49	-	-	-	16.55				
Amortisation of intangible assets	1.09	69.64	-	-	-	-	-	-	138.67	(12.03)	126.64	197.37				
Depreciation of right-of-use assets	36.93	-	7.54	-	1.35	-	4.13	-	-	-	-	49.95				
Total	49.65	70.48	9.25	1.62	1.53	0.08	4.62	-	138.67	(12.03)	126.64	263.87				

20.3 Other expenses

Particulars	Restated Summary Statement of Profit and loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the year ended March 31, 2020 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies Shanghai Co. Ltd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn Bhd for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2020	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2020	Proforma adjustments			Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2020
									Acquisition adjustments (Refer Note 3(A))	Intragroup elimination adjustments (Refer Note 3(B))	Total adjustments	
A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K	
Travelling and conveyance	63.11	22.98	11.46	9.16	5.00	1.54	7.22	-	-	-	120.47	
Rent	11.92	5.56	-	6.72	0.09	1.57	-	-	-	-	25.86	
Communication costs	12.67	2.70	4.33	2.33	0.83	0.39	0.96	-	-	-	24.21	
Payment to Auditor	1.87	4.57	0.28	0.13	0.09	0.21	-	-	-	-	7.15	
Power and fuel	8.91	-	0.08	0.02	0.10	0.05	-	-	-	-	9.16	
Provision for doubtful trade receivables and advances (including bad debts written off)	43.47	21.26	28.49	5.11	0.61	2.49	17.34	-	-	-	118.77	
Advances/ deposits written off	3.53	2.15	0.22	-	-	-	-	-	-	-	5.90	
Selling and marketing expenses	18.00	23.93	6.81	6.69	0.06	0.73	0.85	-	-	-	57.07	
Intangible assets under development written off	-	8.86	-	-	-	-	-	-	-	-	8.86	
Repairs and maintenance - others	11.88	0.22	1.04	0.16	0.26	0.92	13.39	-	-	-	27.87	
Loss on account of foreign exchange fluctuations (net)	1.54	1.03	1.62	0.05	3.04	5.91	-	-	-	-	13.19	
Rates and taxes	0.33	0.49	1.30	0.28	0.03	2.53	0.01	-	-	-	4.97	
Software and server charges	50.71	161.02	29.69	21.33	-	-	-	-	-	-	262.75	
License fees	-	-	-	-	-	-	4.25	-	-	(4.25)	-	
Miscellaneous expenses	11.97	2.10	0.12	0.35	0.04	0.06	6.70	-	-	-	21.34	
Total	239.91	256.87	85.44	52.33	10.15	16.40	50.72	-	-	(4.25)	707.57	

7.4 Property, plant and equipment

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Computers	13.43	0.77	0.41	0.89	0.20	0.12	0.49	-	-	-	-	16.31
Office equipments	2.70	0.12	0.28	-	-	-	-	-	-	-	-	3.10
Leasehold improvements	0.93	0.46	1.45	-	-	-	-	-	-	-	-	2.84
Furniture and fixtures	2.48	-	0.71	-	-	-	0.21	-	-	-	-	3.40
Net book value	19.54	1.35	2.85	0.89	0.20	0.12	0.70	-	-	-	-	25.68

8.4 Other intangible assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Intellectual property rights	-	1.19	-	-	-	-	-	-	29.00	-	29.00	30.19
Customer contracts and related customer relationships	-	-	-	-	-	-	-	-	183.00	-	183.00	183.00
Internally generated software	-	131.04	-	-	-	-	-	-	-	(23.38)	-	107.66
Computer software	2.02	-	-	-	-	-	-	-	-	-	-	2.02
Net book value	2.02	132.23	-	-	-	-	-	-	212.00	(23.38)	188.62	322.87

9.4 Other financial assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Non-current												
Financial instruments at amortised cost												
Security deposits - others	4.37	4.05	-	-	-	-	-	-	-	-	-	8.42
Non-current bank balances	50.59	-	1.42	-	-	-	-	-	-	-	-	52.01
Total	54.96	4.05	1.42	-	-	-	-	-	-	-	-	60.43
Current												
Financial instruments at amortised cost												
Security deposits - others	32.04	-	2.28	2.25	0.42	-	0.52	-	-	-	-	37.51
Other receivables from related parties	8.11	809.82	-	-	-	-	-	-	-	(817.93)	(817.93)	-
Interest accrued on fixed deposits and others	-	-	0.63	-	-	-	-	-	-	-	-	0.63
Unbilled revenue	31.36	5.85	14.21	2.69	1.12	1.51	15.83	-	-	-	-	72.57
Total	71.51	815.67	17.12	4.94	1.54	1.51	16.35	-	-	(817.93)	(817.93)	110.71

10.4 Other assets

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Non-current												
Others (Unsecured, considered good)												
Capitalised contract costs	2.63	4.98	3.01	7.48	-	-	-	-	-	-	-	18.10
Total	2.63	4.98	3.01	7.48	-	-	-	-	-	-	-	18.10
Current												
Advances other than capital advances												
Unsecured, considered good	6.00	-	-	-	-	-	0.02	-	-	-	-	6.02
Others (Unsecured, considered good)												
Capitalised contract costs	1.50	3.43	3.98	5.29	4.14	0.17	-	-	-	-	-	18.51
Prepaid expenses	14.13	7.00	14.70	2.74	-	0.71	-	-	-	-	-	39.28
Balance with statutory / government authorities	-	-	1.70	-	-	-	-	-	-	-	-	1.70
Other assets	-	-	0.12	-	-	-	-	-	-	-	-	0.12
Total	21.63	10.43	20.38	8.15	4.14	0.88	0.02	-	-	-	-	65.63

11.4 Financial liabilities - Borrowings

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Non-current												
Term loans from others:												
Indian rupee term loans from others (secured)	16.36	-	-	-	-	-	-	-	-	-	-	16.36
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	217.09	-	217.09	217.09
Total	16.36	-	-	-	-	-	-	-	217.09	-	217.09	233.45
Current												
Term loans from others:												
Indian rupee term loans from others (secured)	65.46	-	-	-	-	-	-	-	-	-	-	65.46
Term loans from financial institutions (secured)	-	-	-	-	-	-	-	-	201.20	-	201.20	201.20
Short-term borrowings:												
Working Capital loans from a bank (secured)	99.81	-	-	-	-	-	-	-	-	-	-	99.81
Total	165.27	-	-	-	-	-	-	-	201.20	-	201.20	366.47

12.4 Other financial liabilities

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
At amortised cost												
Non Current												
Payable towards shares purchase	-	-	-	-	-	-	-	-	130.28	-	130.28	130.28
Total	-	-	-	-	-	-	-	-	130.28	-	130.28	130.28
Current												
Accrued salaries and benefits	85.80	12.56	33.09	24.90	7.44	1.20	0.70	-	-	-	-	165.69
Interest accrued on borrowings	0.91	-	-	-	-	-	-	-	-	-	-	0.91
Payable towards capital goods - dues to micro enterprises and small enterprises	0.09	-	-	-	-	-	-	-	-	-	-	0.09
Payable towards capital goods - dues to creditors other than micro enterprises and small enterprises	2.73	-	-	-	-	-	-	-	-	-	-	2.73
Payable towards shares purchase	-	-	-	-	-	-	-	-	170.82	-	170.82	170.82
Total	89.53	12.56	33.09	24.90	7.44	1.20	0.70	-	170.82	-	170.82	340.24

13.4 Other liabilities

Particulars	Restated Summary Statement of Assets and Liabilities of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), as at March 31, 2019 (As adjusted)	Special purpose carve out Balance sheet of Capillary Technologies International Pte Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies DMCC as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Shanghai) Co Ltd as at March 31, 2019	Special purpose Balance sheet of Capillary Technologies (Malaysia) Sdn. Bhd. as at March 31, 2019	Special purpose Balance sheet of PT Capillary Technologies Indonesia as at March 31, 2019	Special purpose Balance sheet of Persuade Loyalty LLC as at March 31, 2019	Special purpose Balance sheet of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') as at March 31, 2019	Proforma adjustments		Total adjustments	Proforma Balance sheet of Capillary Technologies India Limited as at March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Current												
Deferred revenue	30.95	56.07	46.80	1.12	6.67	18.89	-	-	-	-	-	160.50
Advance from customers	2.42	-	-	-	-	-	-	-	-	-	-	2.42
Statutory dues payable	24.61	1.84	-	0.95	1.14	0.78	-	-	-	-	-	29.32
Total	57.98	57.91	46.80	2.07	7.81	19.67	-	-	-	-	-	192.24



14.4 Revenue from operations

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
(A) Sale of services												
Service income from group companies	966.17	-	-	-	-	-	-	4.69	-	(970.86)	(970.86)	-
Installation income from external customers	39.95	27.76	61.57	10.91	8.40	21.92	-	-	-	-	-	170.51
Retainership and other income from external customers	438.34	258.92	265.38	35.02	26.73	34.72	84.66	-	-	-	-	1,143.77
Income from campaign services	280.30	62.27	371.31	25.09	4.82	8.83	-	-	-	-	-	752.62
Total (A)	1,724.76	348.95	698.26	71.02	39.95	65.47	84.66	4.69	-	(970.86)	(970.86)	2,066.90
(B) Other operating revenue	6.72	-	-	-	-	-	-	-	-	-	-	6.72
Total (A+B)	1,731.48	348.95	698.26	71.02	39.95	65.47	84.66	4.69	-	(970.86)	(970.86)	2,073.62

15.4 Other income

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Provisions/liabilities no longer required written back	1.07	1.78	-	-	-	-	-	-	-	-	-	2.85
Net gain on disposal of financial instruments	0.12	-	-	-	-	-	-	-	-	-	-	0.12
Gain on account of foreign exchange fluctuations (net)	10.18	5.24	-	0.89	-	-	-	-	-	-	-	16.31
Net gain on modification of lease contracts	1.25	-	-	-	-	-	-	-	-	-	-	1.25
Other non-operating income	0.17	4.47	0.62	0.11	-	-	-	-	-	-	-	5.37
Total	12.79	11.49	0.62	1.00	-	-	-	-	-	-	-	25.90

16.4 Finance income

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Interest income on bank deposits	1.41	-	-	0.04	-	0.31	-	-	-	-	-	1.76
Interest income on security deposits	3.78	-	-	-	-	-	0.02	-	-	-	-	3.80
Interest income from financial instruments at fair value through profit or loss	-	-	0.63	-	-	-	-	-	-	-	-	0.63
Total	5.19	-	0.63	0.04	-	0.31	0.02	-	-	-	-	6.19

17.4 Employee benefit expenses

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Salaries, wages and bonus	848.87	63.53	155.84	124.35	4.96	6.63	39.32	-	-	(60.38)	(60.38)	1,183.12
Sales commission expenses	3.34	5.69	9.29	2.75	1.61	0.33	-	-	-	-	-	23.01
Contribution to provident and other funds	14.04	1.70	-	7.87	0.48	0.32	-	-	-	-	-	24.41
Employee stock option expenses	67.28	3.36	4.81	2.59	-	-	9.40	-	-	-	-	87.44
Gratuity expenses	13.69	-	-	-	-	-	-	-	-	-	-	13.69
Staff welfare expenses	34.83	1.81	8.48	3.94	0.28	0.51	0.87	-	-	-	-	50.72
Staff training and recruitment expenses	6.39	11.60	0.96	16.01	0.55	1.31	-	-	-	-	-	36.82
<b>Total</b>	<b>988.44</b>	<b>87.69</b>	<b>179.38</b>	<b>157.51</b>	<b>7.88</b>	<b>9.10</b>	<b>49.59</b>	<b>-</b>	<b>-</b>	<b>(60.38)</b>	<b>(60.38)</b>	<b>1,419.21</b>

18.4 Finance costs

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Interest on debts and borrowings	23.28	-	-	-	-	-	0.05	-	51.74	-	51.74	75.07
Interest on lease liabilities	9.38	-	0.46	-	-	-	0.08	-	-	-	-	9.92
Interest - others	0.46	-	0.05	-	-	-	-	-	27.71	-	27.71	28.22
Bank charges	4.93	5.15	0.68	0.03	0.01	0.09	0.34	-	-	-	-	11.23
<b>Total</b>	<b>38.05</b>	<b>5.15</b>	<b>1.19</b>	<b>0.03</b>	<b>0.01</b>	<b>0.09</b>	<b>0.47</b>	<b>-</b>	<b>79.45</b>	<b>-</b>	<b>79.45</b>	<b>124.44</b>

19.4 Depreciation and amortisation expenses

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Depreciation of property, plant and equipment	16.80	0.94	3.32	1.07	0.05	0.06	0.42	-	-	-	-	22.66
Amortisation of intangible assets	0.02	39.10	-	-	-	-	-	-	70.67	(6.98)	63.69	102.81
Depreciation of right-of-use assets	44.68	-	7.43	-	-	-	4.04	-	-	-	-	56.15
<b>Total</b>	<b>61.50</b>	<b>40.04</b>	<b>10.75</b>	<b>1.07</b>	<b>0.05</b>	<b>0.06</b>	<b>4.46</b>	<b>-</b>	<b>70.67</b>	<b>(6.98)</b>	<b>63.69</b>	<b>181.62</b>

20.4 Other expenses

Particulars	Restated Summary Statement of Profit and Loss of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited'), for the year ended March 31, 2019 (As adjusted)	Special purpose carve out Statement of Profit and Loss of Capillary Technologies International Pte Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies DMCC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Shanghai) Co Ltd for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Capillary Technologies (Malaysia) Sdn. Bhd. for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of PT Capillary Technologies Indonesia for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Loyalty LLC for the year ended March 31, 2019	Special purpose Statement of Profit and Loss of Persuade Holdings Inc. (formerly known as 'Persuade Holdings LLC') for the year ended March 31, 2019	Proforma adjustments		Total adjustments	Proforma Statement of Profit and Loss of Capillary Technologies India Limited for the year ended March 31, 2019
									Acquisition adjustments (Refer note-3(A))	Intragroup elimination adjustments (Refer note-3(B))		
	A	B	C	D	E	F	G	H	I	J	K = I+J	L = A+B+C+D+E+F+G+H+K
Travelling and conveyance	119.68	17.65	17.39	12.01	5.71	2.05	8.66	-	-	-	-	183.15
Rent	0.32	5.53	-	7.18	1.04	0.65	-	-	-	-	-	14.72
Communication costs	21.86	2.39	4.50	2.26	0.45	0.24	0.40	-	-	-	-	32.10
Payment to auditor	2.14	3.83	0.24	0.13	0.09	0.20	-	-	-	-	-	6.63
Power and fuel	12.15	-	0.12	-	0.06	-	-	-	-	-	-	12.33
Provision for doubtful trade receivables and advances (including bad debts written off)	22.95	10.77	13.07	0.14	0.49	-	-	-	-	-	-	47.42
Advances/ deposits written off	1.11	-	-	-	-	-	-	-	-	-	-	1.11
Intangible assets under development written off	-	11.31	-	-	-	-	-	-	-	(2.10)	(2.10)	9.21
Selling and marketing expenses	41.46	28.98	10.48	10.10	0.13	0.51	1.94	-	-	-	-	93.60
Fair value loss on financial instruments at fair value through profit or loss	-	-	1.14	-	-	-	-	-	-	-	-	1.14
Repairs and maintenance - others	8.10	0.06	0.08	0.72	0.01	0.07	5.71	-	-	-	-	14.75
Loss on account of foreign exchange fluctuations (net)	-	-	5.15	-	1.06	0.06	-	-	-	-	-	6.27
Rates and taxes	1.12	3.32	0.56	0.03	0.18	1.45	0.01	-	-	-	-	6.67
Software and server charges	70.21	107.92	53.83	17.25	2.98	5.16	-	-	-	-	-	257.35
License fees	-	-	-	-	-	-	4.69	-	-	(4.69)	(4.69)	-
Miscellaneous expenses	21.71	2.43	1.52	1.73	0.05	0.14	3.12	-	-	-	-	30.70
<b>Total</b>	<b>322.81</b>	<b>194.19</b>	<b>108.08</b>	<b>51.55</b>	<b>12.25</b>	<b>10.53</b>	<b>24.53</b>	<b>-</b>	<b>-</b>	<b>(6.79)</b>	<b>(6.79)</b>	<b>717.15</b>

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Capillary Technologies DMCC

### **Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of Capillary Technologies DMCC (the "Company"), which comprises the Balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020, March 31, 2019 the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the period ended June 30, 2021 and the year then ended March 31, 2021, March 31, 2020, March 31, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements"). These Special Purpose Ind AS Financial Statements have been prepared by the Management as per group accounting policies of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') ('the Parent Company')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2 of the notes to the accompanying Special Purpose Ind AS Financial Statements.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements in Dubai and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

### **Responsibility of Management and Those Charged with Governance for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2 of the Special Purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

## **Responsibility of Management and Those Charged with Governance for the Special Purpose Ind AS Financial Statements (Contd.....)**

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors of the Parent Company 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 Parent Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

#### **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements (contd.....)**

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

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

#### **Other matters - restriction of use**

The accompanying Special Purpose Ind AS financial statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019 and inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus and for the use by the current statutory auditor of the Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') in connection with the Capillary Technologies India Limited's (formerly known as 'Capillary Technologies India Private Limited') proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose.

**Abdulaziz Panis and Shah Associates**  
**CHARTERED ACCOUNTANTS L.L.C.**

**Registration No. 802**

**Signed by: Abdulaziz Ahmed Ali Alsaghir Alshehhi**

Dubai, U.A.E.

9<sup>th</sup> December 2021

**Capillary Technologies DMCC**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Balance Sheet**

	Notes	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>I Assets</b>						
(1) <b>Non-current assets</b>						
(a) Property, plant and equipment	4	0.55	0.58	1.26	2.85	5.47
(b) Right-of-use assets	5	-	-	-	7.41	14.81
(c) Financial assets						
(i) Other financial assets	6	1.50	1.49	1.52	1.42	-
(d) Other non-current assets	10	3.19	2.71	3.56	3.01	3.92
		<b>5.24</b>	<b>4.78</b>	<b>6.34</b>	<b>14.69</b>	<b>24.20</b>
(2) <b>Current assets</b>						
(a) Financial assets						
(i) Investments	7	-	-	-	27.31	-
(ii) Trade receivables	8	57.63	52.40	123.05	137.96	145.52
(iii) Cash and cash equivalents	9	104.44	118.31	81.28	256.91	122.82
(iv) Loans	6	-	-	-	0.77	-
(v) Other financial assets	6	8.52	11.90	17.79	17.12	7.35
(b) Other current assets	10	6.40	6.99	14.70	20.38	14.69
		<b>176.99</b>	<b>189.60</b>	<b>236.82</b>	<b>460.45</b>	<b>290.38</b>
<b>Total assets (1+2)</b>		<b>182.23</b>	<b>194.38</b>	<b>243.16</b>	<b>475.14</b>	<b>314.58</b>
<b>II Equity and liabilities</b>						
(1) <b>Equity</b>						
(a) Equity share capital	11	0.89	0.89	0.89	0.89	0.89
(b) Other equity	12	(476.25)	(410.36)	(322.45)	(353.83)	(338.86)
<b>Total equity</b>		<b>(475.36)</b>	<b>(409.47)</b>	<b>(321.56)</b>	<b>(352.94)</b>	<b>(337.97)</b>
(2) <b>Current liabilities</b>						
(a) Financial liabilities						
(i) Lease liabilities		-	-	-	8.05	14.81
(ii) Trade payables						
(a) Total outstanding dues of micro enterprises and small enterprises	13	-	-	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	550.15	496.05	446.20	735.53	595.09
(iii) Other financial liabilities	14	17.36	17.11	27.96	33.09	15.08
(v) Provisions	15	2.72	2.50	4.40	4.61	3.58
(iv) Other current liabilities	16	87.36	88.19	86.16	46.80	23.99
<b>Total liabilities</b>		<b>657.59</b>	<b>603.85</b>	<b>564.72</b>	<b>828.08</b>	<b>652.55</b>
<b>Total equity and liabilities (1+2)</b>		<b>182.23</b>	<b>194.38</b>	<b>243.16</b>	<b>475.14</b>	<b>314.58</b>

Summary of significant accounting policies 1 - 3

The accompanying notes are integral part of the financial statements.

For M/s Abdulaziz Panis and Shah Associates LLC  
Chartered Accountants

For and on behalf of the Board of Directors of  
Capillary Technologies DMCC

Abdulaziz Ahmed Ali Alsaghir Alshehhi  
**Partner**

Siddhant Jain  
**Director**

Place: Dubai  
Date:

Place: Dubai  
Date: December 09, 2021

**Capillary Technologies DMCC**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Statement of Profit and Loss**

	Notes	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>I Income</b>					
Revenue from operations	17	99.28	477.28	703.08	698.26
Other income	18	-	15.50	3.86	0.62
Finance income	19	-	-	-	0.63
<b>Total income</b>		<b>99.28</b>	<b>492.78</b>	<b>706.94</b>	<b>699.51</b>
<b>II Expenses</b>					
Cost of campaign services		29.91	157.95	298.07	300.70
Professional and consultancy services		88.89	289.09	106.31	95.24
Employee benefit expenses	20	24.23	79.66	153.56	179.38
Depreciation expenses	21	0.05	0.96	9.25	10.75
Finance costs	22	0.14	1.08	0.94	1.19
Other expenses	23	18.60	61.66	85.44	108.08
<b>Total expenses</b>		<b>161.82</b>	<b>590.40</b>	<b>653.57</b>	<b>695.34</b>
<b>III Profit/(loss) before tax (I - II)</b>		<b>(62.54)</b>	<b>(97.62)</b>	<b>53.37</b>	<b>4.17</b>
<b>IV Tax expenses</b>					
(a) Current tax		-	-	-	-
(b) Deferred tax charge / (credit)		-	-	-	-
<b>IV Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Profit/(loss) for the period/ year (III - IV)</b>		<b>(62.54)</b>	<b>(97.62)</b>	<b>53.37</b>	<b>4.17</b>
<b>VI Other comprehensive income</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
-Foreign currency translation		(4.04)	9.05	(21.99)	(23.95)
-Income tax effect on above		-	-	-	-
<b>Total other comprehensive income / (loss) for the period / year, net of tax</b>		<b>(4.04)</b>	<b>9.05</b>	<b>(21.99)</b>	<b>(23.95)</b>
<b>VII Total comprehensive income / (loss) for the period / year, (net of taxes) (V+VI)</b>		<b>(66.58)</b>	<b>(88.57)</b>	<b>31.38</b>	<b>(19.78)</b>
<b>Earnings per equity share</b>	24				
Basic & diluted (INR) (face value AED 1,000 each)		<b>(1,250.90)</b>	<b>(1,952.46)</b>	<b>1,067.47</b>	<b>83.49</b>
Summary of significant accounting policies					

The accompanying notes are integral part of the financial statements.

**For M/s Abdulaziz Panis and Shah Associates LLC**  
Chartered Accountants

Abdulaziz Ahmed Ali Alsaghir Alshehhi  
**Partner**

Place: Dubai  
Date:

**For and on behalf of the Board of Directors of**  
Capillary Technologies DMCC

Siddhant Jain  
**Director**

Place: Dubai  
Date: December 09, 2021



**Capillary Technologies DMCC**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Statement of Changes in Equity**

**A. Equity share capital (Note 11)**

Equity shares of AED 1,000 each issued, subscribed and fully paid

	As at 30 June 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening	0.89	0.89	0.89	0.89
Changes in equity during the year	-	-	-	-
Closing as at reporting date	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>

**B. Other equity (Note 12)**

	Reserves and surplus		Item of OCI	
	Retained earnings	Capital contribution from holding company	Foreign currency translation difference account	Total other equity
<b>Balance as at April 01, 2018</b>	(344.89)	6.03	-	(338.86)
Profit for the year	4.17	-	-	4.17
Capital contribution from parent company	-	4.81	-	4.81
Other comprehensive income	-	-	(23.95)	(23.95)
<b>Balance as at March 31, 2019</b>	<b>(340.72)</b>	<b>10.84</b>	<b>(23.95)</b>	<b>(353.83)</b>
Profit for the year	53.37	-	-	53.37
Capital contribution from parent company	-	-	-	-
Other comprehensive income	-	-	(21.99)	(21.99)
<b>Balance as at March 31, 2020</b>	<b>(287.35)</b>	<b>10.84</b>	<b>(45.94)</b>	<b>(322.45)</b>
Profit for the year	(97.62)	-	-	(97.62)
Capital contribution from parent company	-	0.66	-	0.66
Other comprehensive income	-	-	9.05	9.05
<b>Balance as at March 31, 2021</b>	<b>(384.97)</b>	<b>11.50</b>	<b>(36.89)</b>	<b>(410.36)</b>
Profit for the period	(62.54)	-	-	(62.54)
Capital contribution from parent company	-	0.69	-	0.69
Other comprehensive income	-	-	(4.04)	(4.04)
<b>Balance as at June 30, 2021</b>	<b>(447.51)</b>	<b>12.19</b>	<b>(40.93)</b>	<b>(476.25)</b>

**The accompanying notes are integral part of the financial statements.**

**For M/s Abdulaziz Panis and Shah Associates LLC**

Chartered Accountants

**For and on behalf of the Board of Directors of**

Capillary Technologies DMCC

Abdulaziz Ahmed Ali Alsaghir Alshehhi

**Partner**

Siddhant Jain

**Director**

Dubai

Date:

Place: Dubai

Date: December 09, 2021

**Capillary Technologies DMCC**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Statement of Cash flows**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flow from/ (used in) operating activities</b>				
<b>Profit / (loss) before tax</b>	(62.54)	(97.62)	53.37	4.17
Adjustments to reconcile (loss) / profit before tax to net cash flows				
Depreciation expenses	0.05	0.96	9.25	10.75
Employee stock option expenses	0.69	0.66	-	4.81
Effect of changes in exchange rates	(3.98)	8.77	(22.24)	(24.38)
Finance costs	0.14	1.08	0.94	1.19
Net gain on disposal of financial instruments	-	-	(0.84)	-
<b>Operating profit before working capital changes</b>	<b>(65.64)</b>	<b>(86.15)</b>	<b>40.48</b>	<b>(3.46)</b>
Working capital adjustments :				
(Increase) / decrease in trade receivables	(5.23)	70.65	14.91	7.56
Decrease (increase) in non-current and current other financial and other assets	3.49	14.45	5.23	(15.32)
(Decrease) / increase in trade payables, non-current and current other financial, other liabilities and provisions	53.74	39.13	(255.31)	182.29
<b>Cash generated (used in) / from operations</b>	<b>(13.64)</b>	<b>38.08</b>	<b>(194.69)</b>	<b>171.07</b>
Direct taxes (paid) / refund	-	-	-	-
<b>Net cash flow (used in)/ generated from operating activities (A)</b>	<b>(13.64)</b>	<b>38.08</b>	<b>(194.69)</b>	<b>171.07</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	(0.08)	-	-	(0.30)
Proceeds from sale of investments	-	-	28.15	-
Investment in bank deposits (having original maturity of more than three months) and other bank balances	(0.01)	0.03	(0.10)	(1.42)
Investments	-	-	-	(27.31)
<b>Net cash (used in)/ generated from investing activities (B)</b>	<b>(0.09)</b>	<b>0.03</b>	<b>28.05</b>	<b>(29.03)</b>
<b>Cashflows from/ (used in) financing activities</b>				
Payment of lease liabilities	-	-	(8.15)	(7.22)
Finance costs paid	(0.14)	(1.08)	(0.84)	(0.73)
<b>Net (used in) / cash from financing activities (C)</b>	<b>(0.14)</b>	<b>(1.08)</b>	<b>(8.99)</b>	<b>(7.95)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(13.87)</b>	<b>37.03</b>	<b>(175.63)</b>	<b>134.09</b>
Cash and cash equivalents at the beginning of the year	118.31	81.28	256.91	122.82
<b>Cash and cash equivalents at the end of the year</b>	<b>104.44</b>	<b>118.31</b>	<b>81.28</b>	<b>256.91</b>
<b>Components of cash and cash equivalents:</b>				
Balance in current account	104.44	118.31	81.28	256.91
	<b>104.44</b>	<b>118.31</b>	<b>81.28</b>	<b>256.91</b>

The accompanying notes form an integral part of the financial statement

**For M/s Abdulaziz Panis and Shah Associates LLC**  
Chartered Accountants

**Abdulaziz Ahmed Ali Alsaghir Alshehhi**  
Partner

Place: Dubai  
Date:

**For and on behalf of the Board of Directors of**  
Capillary Technologies DMCC

**Siddhant Jain**  
Director

Place: Dubai  
Date: December 09, 2021

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

#### 1. Corporate information

The financial statements comprise financial statements of Capillary Technologies DMCC for the period ended June 30, 2021 and year ended March 31, 2021; March 31, 2020; and March 31, 2019. The Company is a private company domiciled in Dubai UAE, and is incorporated in the Dubai Multi Commodities Centre under the service license No 68482 issued on May 02, 2013. The registered office of the company is located at Unit No: RET-R6- 148, Detached Retail R6, Plot No JLT-PH2-RET-R6, Jumeira Lake Towers, Dubai, UAE.

The Company is principally engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Information on related party relationships of the Company is provided in Note 26.

The financial statements were approved by the Board of Directors and authorized for issue in accordance with a resolution of the directors on December 09, 2021.

#### 2 Basis of preparation

The special purpose financial statements of the company have been prepared in accordance with the group accounting policies as adopted in the Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited' (formerly known as 'Capillary Technologies India Private Limited') and presentation requirements of Division II of Schedule III to the India Companies Act, 2013, (Ind AS compliant Schedule III), with effect from April 01, 2021. In addition, the Company has complied with the accounting policies and presentation requirements of Division II of Schedule III to the Companies Act, 2013 for all the historical financial years, to make the accounting policies and the presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

- a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.

The financial statements have been prepared on an accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these Special Purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

#### 3 Summary of significant accounting policies

##### a. Current versus non-current classification

The Company presents assets and liabilities in the Financial Statements 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.

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 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 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
- ▶ Investment in unquoted equity shares
- ▶ Financial instruments (including those carried at amortised cost)

#### c. Revenue recognition

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

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 17.

#### Income from services

##### i) Retainer services

The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

#### 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. Billing in excess of revenue pertains to amount billed to customer for services to be rendered in future periods and has been disclosed as contract liabilities.

#### iii) Installation services

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

### Other income

#### i) Interest Income

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

#### ii) Dividend Income

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

### Contract balances

#### Contract assets

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

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

#### Trade receivables

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

#### Capitalised contract costs

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

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

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

#### Contract liabilities

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

#### d. Property, plant and equipment

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as follows:

Computers – 3 years

Office equipment- 5 years

Furnitures and fixtures – 10 years

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

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

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

#### e. Leases

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.

##### i) 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

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

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.

#### ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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.

#### f. Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to 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. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

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

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

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

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

When an impairment loss subsequently 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 been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

#### g. Provisions and contingent liabilities

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

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

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



## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

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 Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

#### **h. Retirement and other employee benefits**

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

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

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

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

#### **i. Financial instruments**

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

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

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.



## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

#### (i) Financial assets

##### Financial assets at amortised cost

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

##### Financial assets measured at fair value

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

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

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

##### Impairment of financial assets excluding investments in subsidiaries and associates

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

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

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 approximate fair value due to the short maturity of these instruments.

##### De-recognition of financial assets

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

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

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

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

#### (ii) Financial liabilities and equity instruments

##### Classification as debt or equity

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

##### Equity Instruments

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

##### Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

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

#### b) De-recognition

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

#### **Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

#### **j. 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 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".

#### **k. Cash and cash equivalents**

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

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

#### **l. Share-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Refer note 31 for further details.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but

## Capillary Technologies DMCC

### Notes to the Special Purpose Ind AS Financial Statements

without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

#### **m. Dividend**

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **n. Foreign currencies**

The Company's financial statements are presented in INR, which is also the parent company's functional currency. The Company functional currency is Dirhams (AED) and items included in the financial statements are measured using that functional currency.

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

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

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

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

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

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**Notes to the special purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**4. Property, plant and equipment**

	Computers	Office equipments	Leasehold improvements	Furniture and fixtures	Total
<b>Cost / Deemed cost</b>					
<b>As at April 01, 2018</b>	0.43	0.47	3.68	0.89	5.47
Additions	0.29	0.01	-	-	0.30
Exchange differences	0.05	0.03	0.26	0.30	0.64
<b>At March 31, 2019</b>	<b>0.77</b>	<b>0.51</b>	<b>3.94</b>	<b>1.19</b>	<b>6.41</b>
Additions	-	-	-	-	-
Foreign currency translation reserve	0.13	0.18	0.06	0.19	0.56
<b>At March 31, 2020</b>	<b>0.90</b>	<b>0.69</b>	<b>4.00</b>	<b>1.38</b>	<b>6.97</b>
Additions	-	-	-	-	-
Disposals/adjustments	-	-	(4.00)	-	(4.00)
Exchange differences	(0.07)	(0.15)	-	(0.25)	(0.47)
<b>At March 31, 2021</b>	<b>0.83</b>	<b>0.54</b>	<b>-</b>	<b>1.13</b>	<b>2.50</b>
Additions	0.08	-	-	-	0.08
Exchange differences	(0.04)	0.01	-	0.04	0.01
<b>At June 30, 2021</b>	<b>0.87</b>	<b>0.55</b>	<b>-</b>	<b>1.17</b>	<b>2.59</b>
<b>Accumulated depreciation</b>					
<b>As at April 01, 2018</b>	-	-	-	-	-
Charge for the year	0.28	0.21	2.44	0.39	3.32
Exchange differences	0.08	0.02	0.05	0.09	0.24
<b>At March 31, 2019</b>	<b>0.36</b>	<b>0.23</b>	<b>2.49</b>	<b>0.48</b>	<b>3.56</b>
Charge for the year	0.34	0.18	0.93	0.26	1.71
Exchange differences	0.04	0.11	0.22	0.07	0.44
<b>At March 31, 2020</b>	<b>0.74</b>	<b>0.52</b>	<b>3.64</b>	<b>0.81</b>	<b>5.71</b>
Charge for the year	0.17	0.07	0.57	0.15	0.96
Disposals/adjustments	-	-	(4.00)	-	(4.00)
Exchange differences	(0.14)	(0.16)	(0.21)	(0.24)	(0.75)
<b>At March 31, 2021</b>	<b>0.77</b>	<b>0.43</b>	<b>-</b>	<b>0.72</b>	<b>1.92</b>
Charge for the period	0.01	0.01	-	0.03	0.05
Exchange differences	0.04	0.00	-	0.03	0.07
<b>As at June 30, 2021</b>	<b>0.82</b>	<b>0.44</b>	<b>-</b>	<b>0.78</b>	<b>2.04</b>
<b>Net book value</b>					
<b>As at March 31, 2019</b>	0.41	0.28	1.45	0.71	<b>2.85</b>
<b>As at March 31, 2020</b>	0.16	0.17	0.36	0.57	<b>1.26</b>
<b>As at March 31, 2021</b>	0.06	0.11	-	0.41	<b>0.58</b>
<b>As at June 30, 2021</b>	0.05	0.11	-	0.39	<b>0.55</b>

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial Statements

(All amounts in INR millions, unless otherwise stated)

#### 5 Right of use assets

##### Company as a lessee during the period / year

The Company has lease contracts for offices facilities. The lease term of the office facilities is generally 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).

The carrying amounts of right-of-use assets recognised and the movements during the period/year is as follows:

	As at	As at	As at	As at
Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Opening balance	-	-	7.41	14.81
Additions	-	-	-	-
Depreciation expenses	-	-	(7.54)	(7.43)
De-recognition of right-of-use assets/other adjustments	-	-	0.13	0.03
Closing balance	-	-	-	7.41

The carrying amounts of lease liabilities assets recognised and the movements during the period / year is as follows:

	As at	As at	As at	As at
Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Opening balance	-	-	8.05	14.81
Additions during the year	-	-	-	-
Accretion of interest	-	-	0.10	0.46
Payments	-	-	(8.15)	(7.22)
De-recognition of lease liabilities/other adjustments	-	-	-	-
Closing balance	-	-	-	8.05

The same is shown under:

Current	-	-	-	8.05
Non-current	-	-	-	-

The maturity analysis of lease liabilities are disclosed in note 29.

The effective interest rate for lease liabilities is 6%.

(iii) The following amounts are recognised in the statement of profit and loss

	Year ended	Year ended	Year ended	Year ended
Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Depreciation expense of right-of-use assets	-	-	7.54	7.43
Interest expense on operating lease liabilities	-	-	0.10	0.46
Total amount recognised in the Statement of Profit and Loss	-	-	7.64	7.89

The Company had total cash outflows for leases of INR Nil during the period ended June 30, 2021 (March 31, 2021: INR Nil, March 31, 2020: INR 8.15 and March 31, 2019: INR 7.22) .

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Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

6 Financial assets

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Non current</b>					
<b>Other financial assets</b>					
<b>Financial instruments at amortised cost</b>					
Non-current bank balances (refer note 9)	1.50	1.49	1.52	1.42	-
<b>Total other non-current financial assets</b>	<b>1.50</b>	<b>1.49</b>	<b>1.52</b>	<b>1.42</b>	<b>-</b>
<b>Current</b>					
<b>- Loans (Unsecured considered good unless otherwise stated)</b>					
- Loans to employees <sup>1</sup>	-	-	-	0.77	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.77</b>	<b>-</b>
<b>Sub-classification of loans</b>					
Loans receivable considered good - Unsecured	-	-	-	0.77	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.77</b>	<b>-</b>

Notes:

1. Loans to employees are unsecured, interest free, repayable on instalments which is generally 6 months and to be settled in cash.

Other financial assets

Financial instruments at amortised cost

Security deposits

Security deposits - others	0.82	0.99	2.03	2.28	1.95
Interest accrued on others	-	-	-	0.63	-
Unbilled revenue	7.70	10.91	15.76	14.21	5.40
	<b>8.52</b>	<b>11.90</b>	<b>17.79</b>	<b>17.12</b>	<b>7.35</b>

6.1 Unbilled revenue ageing schedule - Based on the requirements of Schedule III

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Undisputed - considered good</b>					
Current but not due	7.70	10.91	15.76	14.21	5.40
	<b>7.70</b>	<b>10.91</b>	<b>15.76</b>	<b>14.21</b>	<b>5.40</b>

7 Investments

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>At fair value through profit and loss</b>					
Investment in mutual funds	-	-	-	27.31	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.31</b>	<b>-</b>
Aggregate value of unquoted investments	-	-	-	27.31	-
Aggregate value of quoted investments	-	-	-	-	-

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# Capillary Technologies DMCC

## Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

### 8 Trade receivables

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade receivables - Others <sup>2</sup>	57.63	52.40	123.05	137.96	144.64
Receivable from related parties <sup>1,2</sup>	-	-	-	-	0.88
<b>Total trade receivables</b>	<b>57.63</b>	<b>52.40</b>	<b>123.05</b>	<b>137.96</b>	<b>145.52</b>
<b>Break-up for security details:</b>					
Trade receivables- Unsecured, considered good	57.63	52.40	123.05	137.96	145.52
Trade receivables- Unsecured, credit impaired	7.51	6.18	27.75	20.81	18.05
<b>(A)</b>	<b>65.14</b>	<b>58.58</b>	<b>150.80</b>	<b>158.77</b>	<b>163.57</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>					
Trade receivables - Unsecured, credit impaired <sup>3</sup>	(7.51)	(6.18)	(27.75)	(20.81)	(18.05)
<b>(B)</b>	<b>(7.51)</b>	<b>(6.18)</b>	<b>(27.75)</b>	<b>(20.81)</b>	<b>(18.05)</b>
<b>Total</b>	<b>(A+B) 57.63</b>	<b>52.40</b>	<b>123.05</b>	<b>137.96</b>	<b>145.52</b>

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

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

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

4. As at June 30, 2021, the Company had other receivables of Nil (March 31, 2021: Nil, March 31, 2020: Nil, March 31, 2019 Nil, April 01, 2018 INR 0.88) from overseas fellow subsidiaries. Based on a letter of support/guarantee to fund the aforesaid companies received from Capillary Technologies International Pte. Ltd., Singapore (the Holding Company), the management of the Company is confident of recovery of such advances and accordingly, no adjustments have been made in these Special Purpose Ind AS Financial Statements in this regard.

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Expected credit loss allowance</b>				
<b>At the beginning of the period / year</b>	6.18	27.75	20.81	18.05
Provision made during the period / year	2.10	-	28.49	13.07
(Utilized) / (reversed) during the period / year	(0.77)	(21.57)	(21.55)	(10.31)
<b>At the end of the period / year</b>	<b>7.51</b>	<b>6.18</b>	<b>27.75</b>	<b>20.81</b>

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**Capillary Technologies DMCC**  
**Notes to the special purpose Ind AS financial Statements**  
(All amounts in INR millions, unless otherwise stated)

**Trade receivables ageing schedule - Based on the requirements of Amended Schedule III**

**As at June 30, 2021**

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	1.32	49.18	7.13	-	-	-	57.63
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	2.08	5.43	-	-	7.51
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1.32</b>	<b>49.18</b>	<b>9.21</b>	<b>5.43</b>	<b>-</b>	<b>-</b>	<b>65.14</b>
Less: credit impaired	-	-	(2.08)	(5.43)	-	-	(7.51)
<b>Total</b>	<b>1.32</b>	<b>49.18</b>	<b>7.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57.63</b>

**As at March 31, 2021**

Particulars	Current	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	19.29	24.87	8.24	-	-	-	52.40
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	4.77	1.41	-	-	6.18
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>19.29</b>	<b>24.87</b>	<b>13.01</b>	<b>1.41</b>	<b>-</b>	<b>-</b>	<b>58.58</b>
Less: credit impaired	-	-	(4.77)	(1.41)	-	-	(6.18)
<b>Total</b>	<b>19.29</b>	<b>24.87</b>	<b>8.24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52.40</b>

**As at March 31, 2020**

Particulars	Current	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	59.94	63.11	-	-	-	-	123.05
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	16.53	7.54	3.68	-	-	27.75
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>59.94</b>	<b>79.64</b>	<b>7.54</b>	<b>3.68</b>	<b>-</b>	<b>-</b>	<b>150.80</b>
Less: credit impaired	-	(16.53)	(7.54)	(3.68)	-	-	(27.75)
<b>Total</b>	<b>59.94</b>	<b>63.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123.05</b>

**As at March 31, 2019**

Particulars	Current	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	70.58	62.84	4.54	-	-	-	137.96
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	4.77	12.03	4.01	-	20.81
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>70.58</b>	<b>62.84</b>	<b>9.31</b>	<b>12.03</b>	<b>4.01</b>	<b>-</b>	<b>158.77</b>
Less: credit impaired	-	-	(4.77)	(12.03)	(4.01)	-	(20.81)
<b>Total</b>	<b>70.58</b>	<b>62.84</b>	<b>4.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137.96</b>

**As at April 01, 2018**

Particulars	Current	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	64.80	59.95	20.77	-	-	-	145.52
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	1.54	8.69	1.58	6.24	18.05
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>64.80</b>	<b>59.95</b>	<b>22.31</b>	<b>8.69</b>	<b>1.58</b>	<b>6.24</b>	<b>163.57</b>
Less: credit impaired	-	-	(1.54)	(8.69)	(1.58)	(6.24)	(18.05)
<b>Total</b>	<b>64.80</b>	<b>59.95</b>	<b>20.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145.52</b>

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**Capillary Technologies DMCC**
**Notes to the special purpose Ind AS financial Statements**

(All amounts in INR millions, unless otherwise stated)

**9 Cash and cash equivalents**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>a) Balances with banks</b>					
On current accounts	104.44	118.31	81.28	256.91	122.82
Cash on hand	-	-	-	-	-
<b>(A)</b>	<b>104.44</b>	<b>118.31</b>	<b>81.28</b>	<b>256.91</b>	<b>122.82</b>
<b>b) Other bank balances</b>					
-Margin money deposits	1.50	1.49	1.52	1.42	-
<b>(B)</b>	<b>1.50</b>	<b>1.49</b>	<b>1.52</b>	<b>1.42</b>	<b>-</b>
Amount disclosed under non-current financial assets (refer note 6)	(1.50)	(1.49)	(1.52)	(1.42)	-
<b>(A+B+C)</b>	<b>104.44</b>	<b>118.31</b>	<b>81.28</b>	<b>256.91</b>	<b>122.82</b>

**10 Other assets**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Non-current</b>					
<b>Others (Unsecured, considered good)</b>					
Capitalised contract costs*	3.19	2.71	3.56	3.01	3.92
	<b>3.19</b>	<b>2.71</b>	<b>3.56</b>	<b>3.01</b>	<b>3.92</b>
<b>Current</b>					
<b>Advances other than capital advances</b>					
(Unsecured, considered good)	0.33	-	0.35	-	0.20
<b>Others (Unsecured, considered good)</b>					
Capitalised contract costs*	2.53	2.72	8.01	3.98	2.64
Prepaid expenses	3.54	3.17	4.98	14.70	11.85
Balance with statutory/government authorities	-	1.10	1.36	1.70	-
	<b>6.40</b>	<b>6.99</b>	<b>14.70</b>	<b>20.38</b>	<b>14.69</b>

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

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Capitalised contract costs</b>				
<b>At the beginning of the period / year</b>	5.43	11.57	6.99	6.56
Additions during the period / year	1.22	4.15	11.39	9.72
Amortised during the period / year	(0.93)	(10.29)	(6.81)	(9.29)
<b>At the end of the period / year</b>	<b>5.72</b>	<b>5.43</b>	<b>11.57</b>	<b>6.99</b>
<b>The same is shown under:</b>				
Current	2.53	2.72	8.01	3.98
Non current	3.19	2.71	3.56	3.01

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

#### 11 Share capital

		As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Issued, subscribed and paid up</b>					
Equity shares of AED 1,000 each	Number	50	50	50	50
	Amount in AED	50,000	50,000	50,000	50,000

#### (a) Reconciliation of the number of shares and amount outstanding at the beginning/end of the reporting period:

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balances as at the beginning of the year (in amount)	0.89	0.89	0.89	0.89
Add: Issued and subscribed during the year (in amount)		-	-	-
Balance at the end of the year (in amount)	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>	<b>0.89</b>
Balances as at the beginning of the year (in numbers)	50	50	50	50
Add: Issued and subscribed during the year (in numbers)		-	-	-
Balance at the end of the year (in numbers)	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

#### (b) Details of shares held by the holding company

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capillary Technologies International Pte. Ltd	50	50	50	50
Percentage of holdings	100%	100%	100%	100%

#### (c) Details of shareholders holding more than 5 percent shares:

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capillary Technologies International Pte. Ltd	50	50	50	50
Percentage of holdings	100%	100%	100%	100%

#### (d) Rights, preferences and restrictions attached to shares:

The company has only one class of equity shares having par value of AED 1000 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in AED. 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.

(e) There are no shares held by the promoters of the Company, hence no disclosure has been given in this regard.

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**Capillary Technologies DMCC****Notes to the special purpose Ind AS financial statements**

(All amounts in INR millions, unless otherwise stated)

**12 Other equity**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Retained earnings</b>				
Opening balance	(384.97)	(287.35)	(340.72)	(344.89)
Profit/(loss) for the period / year	(62.54)	(97.62)	53.37	4.17
<b>Total (A)</b>	<b>(447.51)</b>	<b>(384.97)</b>	<b>(287.35)</b>	<b>(340.72)</b>
<b>Foreign currency translation difference account (B)</b>	(40.93)	(36.89)	(45.94)	(23.95)
<b>Capital contribution from parent company (C)</b>	12.19	11.50	10.84	10.84
<b>Total(A+B+C)</b>	<b>(476.25)</b>	<b>(410.36)</b>	<b>(322.45)</b>	<b>(353.83)</b>

1. The Company had incurred losses including cash losses in the earlier years which resulted in substantial erosion of networth of the Company. Though the networth of the Company was substantially eroded, the management of the Company basis its business plan as approved by the Board of Directors expects that there will be a significant increase in the operations of the Company that will lead to improved cash flows and long-term sustainability and the Company will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. In the meantime, the Holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

**Nature and purpose of reserves****12.1 Retained earnings**

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

**12.2 Foreign currency translation difference account**

The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the Company from its functional currency to the presentation currency.

**12.3 Capital contribution from parent company**

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

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**Capillary Technologies DMCC**  
**Notes to the special purpose Ind AS financial statements**  
(All amounts in INR millions, unless otherwise stated)

**13 Trade payables**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>At amortised cost</b>					
-Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	550.15	496.05	446.20	735.53	595.09
	<b>550.15</b>	<b>496.05</b>	<b>446.20</b>	<b>735.53</b>	<b>595.09</b>
<b>The above amount includes:</b>					
Trade payables to related parties (refer note 26)	481.98	421.26	294.44	649.41	538.90
Trade payables to others	68.17	74.79	151.76	86.12	56.19
	<b>550.15</b>	<b>496.05</b>	<b>446.20</b>	<b>735.53</b>	<b>595.09</b>

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

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

**The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period/year:**

- Principal amount due to micro and small enterprises	-	-	-	-	-
- Interest due on above	-	-	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period / 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 period/ year) but without adding the interest specified under the MSMED Act 2006.	-	-	-	-	-
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The amount of interest accrued and remaining unpaid at the end of each accounting period / year.	-	-	-	-	-
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The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-	-	-	-
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## 13.1 Trade payables ageing schedule

As at June 30, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	305.72	244.10	0.33	-	550.15
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>305.72</b>	<b>244.10</b>	<b>0.33</b>	<b>-</b>	<b>550.15</b>

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	332.39	0.66	76.06	86.94	496.05
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>332.39</b>	<b>0.66</b>	<b>76.06</b>	<b>86.94</b>	<b>496.05</b>

As at March 31, 2020

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	148.43	79.47	168.27	50.03	446.20
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>148.43</b>	<b>79.47</b>	<b>168.27</b>	<b>50.03</b>	<b>446.20</b>

As at March 31, 2019

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	158.84	157.07	0.03	419.59	735.53
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>158.84</b>	<b>157.07</b>	<b>0.03</b>	<b>419.59</b>	<b>735.53</b>

As at April 01, 2018

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	203.44	0.54	291.17	99.94	595.09
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>203.44</b>	<b>0.54</b>	<b>291.17</b>	<b>99.94</b>	<b>595.09</b>

- There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule

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Capillary Technologies DMCC

Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

14 Other financial liabilities

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
<b>At amortised cost</b>					
Accrued salaries and benefits	17.36	17.11	27.96	33.09	15.08
	<b>17.36</b>	<b>17.11</b>	<b>27.96</b>	<b>33.09</b>	<b>15.08</b>

15 Provisions

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
<b>Provision for employee benefits:</b>					
Provision for compensated absences	2.72	2.50	4.40	4.61	3.58
	<b>2.72</b>	<b>2.50</b>	<b>4.40</b>	<b>4.61</b>	<b>3.58</b>

16 Other liabilities

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
Deferred revenue	85.30	88.19	86.16	46.80	21.74
Statutory dues payable	2.06	-	-	-	2.25
	<b>87.36</b>	<b>88.19</b>	<b>86.16</b>	<b>46.80</b>	<b>23.99</b>

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

#### 17 Revenue from operations

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of services</b>				
Retainership and other income from external customers	47.34	238.53	310.98	265.38
Installation income from external customers	9.59	46.02	52.20	61.57
Income from campaign services	42.35	192.73	339.90	371.31
<b>Total revenue from operations</b>	<b>99.28</b>	<b>477.28</b>	<b>703.08</b>	<b>698.26</b>
Dubai	99.28	477.28	703.08	698.26
Outside Dubai	-	-	-	-
<b>Total revenue from operations</b>	<b>99.28</b>	<b>477.28</b>	<b>703.08</b>	<b>698.26</b>
<b>Timing of revenue recognition</b>				
Services transferred over time	56.93	284.55	363.18	326.95
Services transferred at a point in time	42.35	192.73	339.90	371.31
	<b>99.28</b>	<b>477.28</b>	<b>703.08</b>	<b>698.26</b>

#### 17) Contract balances

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Receivables</b>				
- Current (Gross)	65.14	58.58	150.80	158.77
- Impairment allowance	(7.51)	(6.18)	(27.75)	(20.81)
<b>Contract assets:-</b>				
<b>Unbilled revenue:-</b>				
-Current	7.70	10.91	15.76	14.21
<b>Contract liabilities:-</b>				
<b>Deferred revenue:-</b>				
-Current	85.30	88.19	86.16	46.80

#### 18 Other income

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provisions/ liabilities no longer required written back	-	10.56	0.73	-
Net gain on disposal of financial instruments	-	-	0.84	-
Other non-operating income	-	4.94	2.29	0.62
	<b>-</b>	<b>15.50</b>	<b>3.86</b>	<b>0.62</b>

#### 19 Finance income

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest income from financial instruments at fair value through profit or loss	-	-	-	0.63
	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.63</b>

#### 20 Employee benefits expense

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	21.67	64.68	137.90	155.84
Sales commission expenses (refer note 10)	0.93	10.29	6.81	9.29
Employee stock option expenses	0.69	0.66	-	4.81
Staff welfare expenses	0.94	4.03	6.71	8.48
Staff training and recruitment expenses	-	-	2.14	0.96
	<b>24.23</b>	<b>79.66</b>	<b>153.56</b>	<b>179.38</b>

## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

#### 21 Depreciation expenses

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	0.05	0.96	1.71	3.32
Depreciation of right-of-use assets	-	-	7.54	7.43
	<b>0.05</b>	<b>0.96</b>	<b>9.25</b>	<b>10.75</b>

#### 22 Finance costs

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	-	-	0.10	0.46
Interest - others	-	0.16	-	0.05
Bank charges	0.14	0.92	0.84	0.68
	<b>0.14</b>	<b>1.08</b>	<b>0.94</b>	<b>1.19</b>

#### 23 Other expenses

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Travelling and conveyance	0.26	2.01	11.46	17.39
Rent	0.42	2.14	-	-
Communication costs	0.26	1.21	4.33	4.50
Payment to Auditor*	0.40	0.30	0.28	0.24
Power and fuel	-	0.02	0.08	0.12
Provision for doubtful trade receivables and advances (including bad debts written off)	2.10	-	28.49	13.07
Advances/ deposits written off	-	-	0.22	-
Selling and marketing expenses	1.82	2.39	6.81	10.48
Fair value loss on financial instruments at fair value through profit or loss	-	-	-	1.14
Repairs and maintenance - others	-	0.48	1.04	0.08
Loss on account of foreign exchange fluctuations (net)	0.06	0.23	1.62	5.15
Rates and taxes	0.38	2.17	1.30	0.56
Software and server charges	12.90	47.25	29.69	53.83
Miscellaneous expenses	-	3.46	0.12	1.52
	<b>18.60</b>	<b>61.66</b>	<b>85.44</b>	<b>108.08</b>
<b>*Payment to Auditor (exclusive of taxes)</b>				
<b>As auditor:</b>				
Audit fees	0.40	0.30	0.28	0.24
	<b>0.40</b>	<b>0.30</b>	<b>0.28</b>	<b>0.24</b>

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

#### 24 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/ loss for the period/year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period / 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 year / 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.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Face value of equity shares (AED per share)	1,000	1,000	1,000	1,000
Profit/ (loss) attributable to equity shareholders (INR in million) (a)	(62.54)	(97.62)	53.37	4.17
Weighted average number of equity shares used for computing EPS (basic and diluted) (in millions) (b)	0.05	0.05	0.05	0.05
EPS- Basic and diluted (INR) (c=a/b)	(1,250.90)	(1,952.46)	1,067.47	83.49

Earnings per share for the three months period ended June 30, 2021 are not annualised.

#### 25 Critical accounting assumptions

The preparation of the Company's Ind AS Special Purpose 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.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non financial assets, fair value measurement of financial instruments, contingencies, and leases.

#### 25 Provision for expected credit losses of trade receivables and contract assets

##### (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 Special Purpose Ind AS Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### (a) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### (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.

##### (c) Provision for expected credit losses of trade receivables and contract assets

The company estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 8(3).

##### (d) 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."

## Capillary Technologies DMCC

### Notes to the special purpose standalone Ind AS financial information

(All amounts in INR millions, unless otherwise stated)

#### 26 Related party disclosures

##### a) Names of the related parties and description of relationship

Nature of relationship	Name of the related party	Country of Incorporation
Related party where control exists	Capillary Technologies International Pte. Ltd	Singapore
Fellow subsidiaries	Capillary Technologies India Limited (formerly Capillary Technologies India Private Limited)	India
	Capillary Technologies Inc	USA
	Capillary Technologies (UK) Limited	United Kingdom
	Capillary Technologies DMCC	UAE
	Reasoning Global E-Applications Private Limited	India
	Capillary Technologies (Malaysia) Sdn Bhd	Malaysia
	PT Capillary Technologies	Indonesia
Key managerial personnel [KMP]	Siddhant Jain (wef 8 February 08, 2021)	
	Nitin Kaushal (resigned on February 07, 2020)	
	Sunil Suresh (resigned on July 25, 2019)	

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

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>1) Transactions during the period / year</b>				
<b>a) Reimbursement of expenses incurred on behalf of the Company</b>				
<b>(i) Professional and consultancy services</b>				
Capillary Technologies International Pte. Ltd	82.35	274.27	90.63	73.26
Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)	-	-	-	0.56
<b>(ii) Software and server charges</b>				
Capillary Technologies International Pte. Ltd	12.90	47.25	29.69	53.83
<b>(iii) Cost of campaign services</b>				
Capillary Technologies International Pte. Ltd	1.00	-	-	-
<b>b) Reimbursement of expenses incurred by the Company</b>				
<b>(i) Cost of campaign services</b>				
Capillary Technologies International Pte. Ltd	9.02	-	-	-
<b>c) Remuneration to key managerial personnel and their relatives</b>				
Siddhant Jain	2.94	7.77	-	-
Nitin Kaushal	-	6.23	16.57	8.44
Sunil Suresh	-	-	5.81	11.98

##### 2) Outstanding balances as at period/ year end

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Trade payables</b>				
Capillary Technologies International Pte. Ltd	481.98	421.26	292.02	647.12
Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited)	-	-	2.42	2.29

##### 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 millions)			
		June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
General Employee Share Option Plan (GESOP) of the Holding Company	-	0.01	0.01	0.01	0.01

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 period end are unsecured and settlement occurs in cash.

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

#### 27 Segment Reporting- Disclosure pursuant to Ind AS 108 'Operating Segments'

##### (a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's 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 Special Purpose Financial Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

(ii) Reportable segments:

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

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".

##### (b) Geographical information

	Revenue from Operations*			
	Three months period ended 30 June 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Dubai	99.28	477.28	703.08	698.26
Outside Dubai	-	-	-	-
	<b>99.28</b>	<b>477.28</b>	<b>703.08</b>	<b>698.26</b>

The following table shows the carrying amount of segment assets by geographical area to which these areas are attributable :

	Non-current assets**			
	3.74	3.29	4.82	13.27
Dubai	3.74	3.29	4.82	13.27
Outside Dubai	-	-	-	-
	<b>3.74</b>	<b>3.29</b>	<b>4.82</b>	<b>13.27</b>

\*Revenue by geographical area are based on the geographical location of the customers.

\*\*Non-current assets excludes financial instruments and tax assets.

##### Information about major customers

No of customers contributed 10% or more of the total Company's revenue	2	2	2	2
Percentage of the total revenue	32%	26%	28%	26%

#### 28 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 Financial Statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the Special Purpose Ind AS Financial Statements but does not record a liability in its accounts unless the loss becomes probable.

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

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Bank guarantees outstanding	-	-	-	-
Total	-	-	-	-

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial information

(All amounts in INR millions, unless otherwise stated)

#### 29. Disclosure of Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3(i).

##### (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 statement of profit and loss or fair value through Other Comprehensive Income as at June 30, 2021, March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 and April 01, 2018:

##### a) Financial assets and financial liabilities

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Financial assets</b>					
Investments	-	-	-	27.31	-
Trade receivables	57.63	52.40	123.05	137.96	145.52
Cash and cash equivalents	104.44	118.31	81.28	256.91	122.82
Loans	-	-	-	0.77	-
Other financial assets	10.02	13.39	19.31	18.54	7.35
<b>Total carrying value</b>	<b>172.09</b>	<b>184.10</b>	<b>223.64</b>	<b>441.49</b>	<b>275.69</b>
<b>Financial liabilities</b>					
Lease liabilities	-	-	-	8.05	14.81
Trade payables	550.15	496.05	446.20	735.53	595.09
Other current financial liabilities	17.36	17.11	27.96	33.09	15.08
<b>Total carrying value</b>	<b>567.51</b>	<b>513.16</b>	<b>474.16</b>	<b>776.67</b>	<b>624.98</b>

##### (b) Fair Value Hierarchy

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the period ended June 30, 2021 and for the year ended March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018.

##### (c) Financial risk management objectives and policies

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

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, 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 risks

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, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(a) Market risk- Interest rate risk:** The Company is not having any borrowings and hence the risk is not applicable.

##### **(b) 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. There are no significant exchange rates risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the UAE Dirhams is pegged.

## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial information

(All amounts in INR millions, unless otherwise stated)

#### c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ (June 30, 2021: ₹ 172.09 million, March 31, 2021: ₹ 184.10 million, March 31, 2020: ₹ 223.64 million, March 31, 2019 ₹ 441.49 million, and April 01, 2018 ₹ 275.69 million), being the total carrying value of loans receivables from related parties, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

Customer credit risk is managed by each business unit based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Refer note 8 (3) for movement in expected credit loss for the period ended June 30, 2021 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### d) Liquidity risk

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

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

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

	Carrying Amount	Less than 1 Year	1-5 years	More than 5 years	Total
<b>June 30, 2021</b>					
Trade payables	550.15	305.72	244.44	-	550.16
Other financial liabilities	17.36	17.36	-	-	17.36
	<b>567.51</b>	<b>323.08</b>	<b>244.44</b>	<b>-</b>	<b>567.52</b>
<b>March 31, 2021</b>					
Trade payables	496.05	332.39	163.66	-	496.05
Other financial liabilities	17.11	17.11	-	-	17.11
	<b>513.16</b>	<b>349.50</b>	<b>163.66</b>	<b>-</b>	<b>513.16</b>
<b>March 31, 2020</b>					
Trade payables	446.20	148.43	297.77	-	446.20
Other financial liabilities	27.96	27.96	-	-	27.96
	<b>474.16</b>	<b>176.39</b>	<b>297.77</b>	<b>-</b>	<b>474.16</b>
<b>March 31, 2019</b>					
Lease liabilities	8.05	8.05	-	-	8.05
Trade payables	735.53	158.84	576.69	-	735.53
Other financial liabilities	33.09	33.09	-	-	33.09
	<b>776.67</b>	<b>199.98</b>	<b>576.69</b>	<b>-</b>	<b>776.67</b>
<b>April 01, 2018</b>					
Lease liabilities	14.81	6.76	8.05	-	14.81
Trade payables	595.09	203.44	391.65	-	595.09
Other financial liabilities	15.08	15.08	-	-	15.08
	<b>624.98</b>	<b>225.28</b>	<b>399.70</b>	<b>-</b>	<b>624.98</b>

#### 30. 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 and support from 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.

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

#### 31 Share-based payments

##### A Description of the share based payment arrangements

At a meeting of the members of Holding Company held on August 10, 2015, the shareholders of the Holding Company had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

##### B Measurement of fair values

The fair value of the share options granted under the GESP is estimated at the grant date using Back-solve method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the period ended June 30, 2021 and years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively:

Particulars	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	31.67% - 86.38%	31.76% - 86.38%	37.86% - 86.38%	37.86% - 86.38%
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%	1.54% - 2.28%	1.54% - 2.28%
Expected life of option (years)	2 - 7	5 - 7	5 - 7	5 - 7
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	USD 1.81 - 3.90	USD 1.81 - 3.90	USD 1.81 - 3.90
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	USD 1.23 - 2.92	USD 1.23 - 2.92	USD 1.23 - 2.92

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

##### C Movements during the year

The following table illustrates the number and WAEP of, and movements in, GESP plan during the period

Particulars	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	Number of options			
Options outstanding at the beginning of the period / year	79,335	78,349	1,02,671	69,533
Granted during the period / year	7,601	2,799	29,761	33,138
Forfeited / lapsed during the period / year	(1,004)	(1,813)	(54,083)	-
Exercised during the period / year	-	-	-	-
Expired during the period / year	-	-	-	-
<b>Options outstanding at the end of the period / year</b>	<b>85,932</b>	<b>79,335</b>	<b>78,349</b>	<b>1,02,671</b>

The options outstanding as at June 30, 2021 had an exercise price of ₹ Nil (March 31, 2021 Nil, March 31, 2020: Nil and March 31, 2019 Nil) and weighted average remaining contractual life of 9.76 years (March 31, 2021: 5.62 years, March 31, 2020: 6.61 years and March 31, 2019: 7.60 years).

The weighted average fair value of options granted during the period ended June 30, 2021 was 5.45 USD (March 31, 2021: 5.45 USD, March 31, 2020: 2.36 USD and March 31, 2019 2.92 USD).

##### D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

Particulars	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 20)	0.69	0.66	-	4.81

E The Holding Company had granted stock options to employees of the Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) under ESOP plans as detailed in note 31(A) above. The Holding Company has an obligation to settle the transaction with the employees of Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.

**Capillary Technologies DMCC**
**Notes to the special purpose Ind AS financial statements**

(All amounts in INR millions, unless otherwise stated)

**32 Ratios analysis and its elements**

Particulars	Numerator	Denominator	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	Variance (June 2021 vs March 2021) <sup>1</sup>	Variance (March 2021 vs March 2020) <sup>1</sup>	Variance (March 2020 vs March 2019) <sup>2</sup>
Current ratio	Current assets	Current liabilities	0.27	0.31	0.42	0.56	-14%	-25%	-25%
Debt equity ratio	Debt	Total equity	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Particulars	Numerator	Denominator	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Variance (June 2021 vs March 2021) <sup>1</sup>	Variance (March 2021 vs March 2020) <sup>1</sup>	Variance (March 2020 vs March 2019) <sup>2</sup>
Debt service coverage ratio	EBITDA	Debt (borrowings)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Return on equity ratio	Profit for the period/year	Average shareholder's equity	0.14	0.27	(0.16)	(0.01)	Not applicable	-269%	1210%
Inventory turnover ratio	Cost of goods sold	Average inventory	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Trade receivable turnover ratio	Revenue from operations	Average trade receivable	1.80	5.44	5.39	4.93	Not applicable	1%	9%
Trade payables turnover ratio	Cost of campaign services + Professional and consultancy services and other expenses	Average trade payables	0.26	1.08	0.83	0.76	Not applicable	30%	9%
Net capital turnover ratio	Revenue from operations	Total equity	-21%	-115%	-214%	-190%	Not applicable	-46%	13%
Net profit ratio	Profit for the period/year	Revenue from operations	-63%	-20%	8%	1%	Not applicable	-369%	1170%
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	13%	24%	-17%	-2%	Not applicable	-240%	1011%
Return on investment.	Interest (Finance income)	Other bank balances	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

1. Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue were affected during the three month period ended 30 June 2021 and the year ended 31 March 2021. Hence, the above ratios are not comparable.

2. The Company is in growth phase and hence its operations were not comparable.

3. Ratios for the three months period ended June 30, 2021 have not been annualised.

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## Capillary Technologies DMCC

### Notes to the special purpose Ind AS financial statements

(All amounts in INR millions, unless otherwise stated)

33 The spread of COVID-19 has severely impacted the business operations around the globe including China. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

#### 34 Events after the Reporting period

Subsequent to the period ended June 30, 2021, Capillary Technologies International Pte Ltd, Singapore, has entered into a gift agreement dated November, 30, 2021 with Capillary Pte Ltd and transferred 100 per cent of the issued share capital of the Company to Capillary Pte Ltd. on November, 30, 2021.

35 As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact these Special Purpose Financial Statements.

36 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Special Purpose Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

For M/s Abdulaziz Panis and Shah Associates LLC

Chartered Accountants

For and on behalf of the Board of Directors of

Capillary Technologies DMCC

Abdulaziz Ahmed Ali Alsaghir Alshehhi

Partner

Siddhant Jain

Director

Place: Dubai

Date:

Place: Dubai

Date: December 09, 2021



## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors of PT Capillary Technologies Indonesia

### **Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of PT Capillary Technologies Indonesia (the “Company”), which comprises the Balance sheet as at June 30, 2021, March 31, 2021 and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the period ended June 30, 2021 and the year then ended March 31, 2021 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as “Special Purpose Ind AS Financial Statements”). These Special Purpose Ind AS Financial Statements have been prepared by the Management as per group accounting policies of Capillary Technologies India Limited (formerly known as ‘Capillary Technologies India Private Limited’) (‘ the Parent Company ’)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2 of the notes to the accompanying Special Purpose Ind AS Financial Statements.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements’ section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements in Indonesia and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

## **Responsibility of Management and Those Charged with Governance for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2 of the Special Purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors of the Parent Company 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 Parent Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the Special Purpose Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

#### **Other matters - restriction of use**

The accompanying Special Purpose Ind AS financial statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019 and inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus and for the use by the current statutory auditor of the Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') in connection with the Capillary Technologies India Limited's (formerly known as 'Capillary Technologies India Private Limited') proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For Kantor Akuntan Publik Tanuwijaya  
Chartered Accountants  
Firm Registration Number: 142/KM.I/2017

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**David Tanuwijaya, CPA, MBA**

Partner

Membership Number: 1287

UDIN: 0051/2.1100/AU.1/06/1287-1/1/XII/2021

Place of Signature: Jakarta

Date: December 07, 2021

**PT Capillary Technologies Indonesia**  
**Special Purpose Ind AS financial statements**  
**Balance Sheet**

		(₹ in Million)	
	Notes	As at June 30, 2021	As at March 31, 2021
<b>I Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	0.01	0.02
(b) Other non-current assets	9	0.35	0.34
		<b>0.36</b>	<b>0.36</b>
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Trade receivables	5	18.66	7.84
(ii) Cash and cash equivalents	6	93.38	86.71
(iii) Loans	7	-	-
(iv) Other financial assets	8	1.07	1.16
(b) Other current assets	9	0.92	0.91
		<b>114.03</b>	<b>96.62</b>
<b>Total assets (1+2)</b>		<b>114.39</b>	<b>96.98</b>
<b>II Equity and liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	10	1.59	1.59
(b) Other equity	11	(32.59)	(26.30)
<b>Total Equity</b>		<b>(31.00)</b>	<b>(24.71)</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises			
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	99.28	84.76
(ii) Other financial liabilities	13	0.62	0.81
(b) Other current liabilities	14	45.19	35.87
(c) Provisions	15	0.30	0.25
<b>Total liabilities</b>		<b>145.39</b>	<b>121.69</b>
<b>Total equity and liabilities (1+2)</b>		<b>114.39</b>	<b>96.98</b>

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kantor Akuntan Publik Tanuwijaya  
Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

David Tanuwijaya  
Partner

Anant Choubey  
Director

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

Place: Bengaluru, India

Place: Jakarta, Indonesia

PT Capillary Technologies Indonesia  
Special Purpose Ind AS financial statements  
Statement of Profit and Loss

		(₹ in Million)	
	Notes	For the three months period ended June 30, 2021	For the year ended March 31, 2021
<b>I Revenue</b>			
Revenue from operations	16	15.71	76.51
Other income	17	0.41	6.68
Finance income	18	0.17	0.49
<b>Total income</b>		<b>16.29</b>	<b>83.68</b>
<b>II Expenses</b>			
Cost of campaign services		6.87	13.37
Professional and consultancy services		8.72	28.13
Employee benefit expenses	19	5.12	14.30
Depreciation and amortization expenses	20	-	0.03
Finance costs	21	0.04	0.13
Other expenses	22	1.49	6.83
<b>Total expenses</b>		<b>22.24</b>	<b>62.79</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>(5.95)</b>	<b>20.89</b>
<b>IV Tax expenses</b>			
(a) Current tax	23	0.19	3.10
(b) Deferred tax charge / (credit)		-	-
<b>Total tax expenses</b>		<b>0.19</b>	<b>3.10</b>
<b>V Profit / (loss) for the period / year (III - IV)</b>		<b>(6.14)</b>	<b>17.79</b>
<b>VI Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
(i) Foreign currency translation		(0.37)	(1.58)
(ii) Income tax effect on above		-	-
<b>Total other comprehensive income / (loss) for the period / year, net of tax</b>		<b>(0.37)</b>	<b>(1.58)</b>
<b>VII Total comprehensive income / (loss) for the period / year (net of tax) (V + VI)</b>		<b>(6.51)</b>	<b>16.21</b>
<b>VIII Earnings per equity share (nominal value of IDR 14,000 each)</b>	24		
Basic (₹)		(7.67)	22.24
Diluted (₹)		(7.67)	22.24

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For Kantor Akuntan Publik Tanuwijaya  
Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

David Tanuwijaya  
Partner

Place: Jakarta, Indonesia

Anant Choubey  
Director

Place: Bengaluru, India

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

PT Capillary Technologies Indonesia  
Special Purpose Ind AS financial statements  
Statement of Cash Flows

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
<b>A. Cash flow from / (used in) operating activities</b>		
Profit / (loss) before tax	(5.95)	20.89
Adjustments to reconcile profit / (loss) before tax to net cash flows		
Depreciation and amortisation expenses	-	0.03
Provision for doubtful trade receivables and advances (including bad debts written off)	-	0.23
Finance costs	0.04	0.13
Employee stock option expenses	0.22	-
Net foreign exchange differences	0.29	(4.02)
Finance income	(0.17)	(0.49)
Provision/ liabilities no longer required, written back	(0.20)	(0.59)
<b>Operating profit / (loss) before working capital changes</b>	<b>(5.77)</b>	<b>16.18</b>
<b>Working capital adjustments:</b>		
(Increase) / decrease in trade receivables	(10.82)	15.32
Decrease / (increase) in non-current and current loans, other financial and other assets	0.07	(0.73)
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities and provisions	23.25	31.05
<b>Cash generated from / (used in) operations</b>	<b>6.73</b>	<b>61.81</b>
Direct taxes (paid) / refund	(0.19)	(3.10)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>6.54</b>	<b>58.71</b>
<b>B. Cash flow from/ (used in) investing activities</b>		
Purchase of property, plant and equipment	-	-
Interest income received	0.17	0.49
<b>Net cash flow from investing activities (B)</b>	<b>0.17</b>	<b>0.49</b>
<b>C. Cash flow from / (used in) financing activities</b>		
Proceeds from issue of shares	-	-
Finance costs paid	(0.04)	(0.13)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>(0.04)</b>	<b>(0.13)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>6.67</b>	<b>59.07</b>
Cash and cash equivalents at the beginning of the period/ year	86.71	27.63
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>93.38</b>	<b>86.71</b>

**Note:**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kantor Akuntan Publik Tanuwijaya

Chartered Accountants

For and on behalf of the Board of Directors of

PT Capillary Technologies Indonesia

David Tanuwijaya

Partner

Anant Choubey

Director

Syaiful Nurul Hidayat

Director

Place: Jakarta, Indonesia

Place: Bengaluru, India

Place: Jakarta, Indonesia

PT Capillary Technologies Indonesia  
Special Purpose Ind AS financial statements  
Statement of Changes in Equity

A. Equity share capital

Equity shares of IDR 14,000 each issued, subscribed and fully paid

Particulars

At April 01, 2020

Add: Issued during the year

At March 31, 2021

Add: Issued during the period

At June 30, 2021

Number	(₹ in Million)
800,000	1.59
-	-
800,000	1.59
-	-
800,000	1.59

B. Other Equity\*

(₹ in Million)

Particulars

Balance as at April 01, 2020

Profit / (loss) for the period

Employee stock option expenses for the year

Other comprehensive (loss)/ income for the year (net of taxes)

Balance as at March 31, 2021

Profit / (loss) for the period

Employee stock option expenses for the year

Other comprehensive (loss)/ income for the year (net of taxes)

Balance as at June 30, 2021

Attributable to the equity shareholders			Total other equity
Reserves and Surplus			
Retained earnings	Capital contibution from parent	Other Components of equity	
		FCTR	
(42.98)	-	0.47	(42.51)
17.79	-	-	17.79
-	-	-	-
-	-	(1.58)	(1.58)
(25.19)	-	(1.11)	(26.30)
(6.14)	-	-	6.14
-	0.22	-	0.22
-	-	(0.37)	(0.37)
(31.33)	0.22	(1.48)	(32.59)

\*Also refer note 11

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kantor Akuntan Publik Tanuwijaya

Chartered Accountants

For and on behalf of the Board of Directors of

PT Capillary Technologies Indonesia

David Tanuwijaya  
Partner

Anant Choubey  
Director

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

Place: Bengaluru, India

Place: Jakarta, Indonesia

# **PT Capillary Technologies Indonesia**

## **Notes to the Special Purpose Ind AS Financial Statements**

### **1. Corporate information**

The financial statements comprise financial statements of PT Capillary Technologies Indonesia for the period ended June 30, 2021 and year ended March 31, 2021. PT Capillary Technologies Indonesia (the "Company") was incorporated on June 4, 2018 based on the Notarial Deed No. 01 of Dita Okta Sesia, S.H., M.Kn. The Company's Articles of Association was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decree No. AHU-0079307.AH.01.11.TAHUN 2018 dated June 07, 2018.

The Company's Articles of Association have been amended. The latest amendment is through Notarial Deed No. 29 dated October 29, 2020 of Dita Okta Sesia, S.H., M.Kn.

Based on the Company's Articles of Association, the business activities of the Company are management consulting, with sub activities are providing advisory assistance, guidance and business operations and other organizational and management issues. The Company is domiciled in Cilandak Barat, Jakarta Selatan.

### **2 Basis of preparation**

The special purpose financial statements of the company have been prepared in accordance with the group accounting policies as adopted in the Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited' India (formerly known as 'Capillary Technologies India Private Limited') and presentation requirements of Division II of Schedule III to the India Companies Act, 2013, (Ind AS compliant Schedule III), with effect from April 01, 2021. In addition, the Company has complied with the accounting policies and presentation requirements of Division II of Schedule III to the Companies Act, 2013 for all the historical financial years, to make the accounting policies and the presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

- a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP', in connection with the proposed initial public offering of equity shares of face value of ₹ 2 each of Capillary Technologies India Limited.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of ₹ 2 each of Capillary Technologies India Limited.

The financial statements have been prepared on an accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these Special Purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

### **3 Summary of significant accounting policies**

#### **Current versus non-current classification**

##### **a. Current versus non-current classification**

The Company presents assets and liabilities in the Financial Statements 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



**PT Capillary Technologies Indonesia**  
**Notes to the Special Purpose Ind AS Financial Statements**

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 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 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
- ▶ Investment in unquoted equity shares
- ▶ Financial instruments (including those carried at amortised cost)

**c. Revenue recognition**

Revenue from operations is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 16.

#### **Income from services**

##### **i) Retainer services**

The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

##### **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. Billing in excess of revenue pertains to amount billed to customer for services to be rendered in future periods and has been disclosed as contract liabilities.

##### **iii) Installation services**

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

#### **Other income**

##### **i) Interest Income**

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

##### **ii) Dividend Income**

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

#### **Contract balances**

##### **Contract assets**

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

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

##### **Trade receivables**

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

**PT Capillary Technologies Indonesia**  
**Notes to the Special Purpose Ind AS Financial Statements**

**Capitalised contract costs**

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

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

**Contract liabilities**

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

**d. Taxes on income**

**Current income tax**

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

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

**Deferred Tax**

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

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

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

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

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

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

**PT Capillary Technologies Indonesia**  
**Notes to the Special Purpose Ind AS Financial Statements**

**e. Property, plant and equipment**

As at proforma date of transition to Ind AS i.e. April 01, 2018, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as follows:  
Computers – 3 years

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

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

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

**f. Leases**

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.

**i) 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.

**ii) Short-term leases and leases of low-value assets**

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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.

#### **g. Impairment of non-financial assets**

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to 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. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

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

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

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

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

When an impairment loss subsequently 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 been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

#### **h. Provisions and contingent liabilities**

##### **General**

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

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

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### **Notes to the Special Purpose Ind AS Financial Statements**

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 Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

#### **i. Retirement and other employee benefits**

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

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

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

#### **j. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities contracts are initially measured at transaction cost and where such

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

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

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

#### **Effective interest method**

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

#### **(i) Financial assets**

##### **Financial assets at amortised cost**

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

##### **Financial assets measured at fair value**

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

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

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

#### **Impairment of financial assets excluding investments in subsidiaries and associates**

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

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

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 approximate fair value due to the short maturity of these instruments.

#### **De-recognition of financial assets**

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



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**Notes to the Special Purpose Ind AS Financial Statements**

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 amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

**(ii) Financial liabilities and equity instruments**

**Classification as debt or equity**

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

**Equity Instruments**

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

**Financial Liabilities**

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

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

**b) De-recognition**

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

**Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

**k. 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 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.



## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

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".

#### **l. Cash and cash equivalents**

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

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

#### **m. Share-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Refer note 26 for further details.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

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

#### **n. Dividend**

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **o. Foreign currencies**

The Company's financial statements are presented in INR, which is also the parent company's functional currency. The Company's functional currency is Indonesia Rupiah (IDR) and items included in the financial statements are measured using that functional currency.

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

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

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**Notes to the Special Purpose Ind AS Financial Statements**

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

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

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

**p. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) 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 dilutive potential equity shares.

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PT Capillary Technologies Indonesia  
Notes to the special purpose Ind AS financial statements

4 Property, plant and equipment		(₹ in Million)
Particulars	Computers	Total
<b>Cost</b>		
<b>At April 01, 2020</b>	<b>0.18</b>	<b>0.18</b>
Additions	-	-
Disposals / adjustments	-	-
Exchange differences	0.00	0.00
<b>At March 31, 2021</b>	<b>0.18</b>	<b>0.18</b>
Additions	-	-
Disposals / adjustments	-	-
Exchange differences	0.00	0.00
<b>At June 30, 2021</b>	<b>0.18</b>	<b>0.18</b>
<b>Accumulated depreciation</b>		
<b>At April 01, 2020</b>	<b>0.14</b>	<b>0.14</b>
Charge for the year	0.03	0.03
Disposals / adjustments	-	-
Exchange differences	(0.01)	(0.01)
<b>At March 31, 2021</b>	<b>0.16</b>	<b>0.16</b>
Charge for the period	0.00	0.00
Disposals / adjustments	-	-
Exchange differences	0.01	0.01
<b>At June 30, 2021</b>	<b>0.17</b>	<b>0.17</b>
<b>Net book value</b>		
<b>At April 01, 2020</b>	<b>0.04</b>	<b>0.04</b>
<b>At March 31, 2021</b>	<b>0.02</b>	<b>0.02</b>
<b>At June 30, 2021</b>	<b>0.01</b>	<b>0.01</b>

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5 Trade receivables

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
Trade receivables - Others <sup>2</sup>	18.66	7.84
Receivable from related parties <sup>1,2</sup>	-	-
<b>Total trade receivables</b>	<b>18.66</b>	<b>7.84</b>
<b>Break-up for security details:</b>		
Trade receivables - Unsecured, considered good	18.66	7.84
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	-
<b>(A)</b>	<b>18.66</b>	<b>7.84</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>		
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	-
<b>(B)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(A + B)</b>	<b>7.84</b>

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 29.

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

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

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Expected credit loss allowance</b>		
<b>At the beginning of the period / year</b>	-	2.45
Provision made during the period / year	-	-
(Utilized) / (reversed) during the period / year	-	(2.45)
<b>At the end of the period / year</b>	<b>-</b>	<b>-</b>

6 Cash and cash equivalents

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Balances with banks</b>		
On current accounts	93.38	86.71
	<b>93.38</b>	<b>86.71</b>

7 Loans

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Loans (Unsecured considered good unless otherwise stated)</b>		
Loan to employees <sup>1</sup>	-	-
	<b>-</b>	<b>-</b>

Notes:

1. Loans to employees are unsecured, interest free, repayable on instalments which is generally 6 months and to be settled in cash.

8 Other financial assets

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Current</b>		
<b>Financial instruments at amortised cost</b>		
Security deposits	0.08	0.08
Unbilled revenue <sup>1</sup>	0.99	1.08
<b>Total</b>	<b>1.07</b>	<b>1.16</b>

8.1 Unbilled revenue ageing schedule - Based on the requirements of Schedule III

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Undisputed - considered good</b>	<b>0.99</b>	<b>1.08</b>
Current but not due	<b>0.99</b>	<b>1.08</b>

5.1 Trade receivables ageing schedule - Based on the requirements of Amended Schedule III  
As at June 30, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	13.00	5.47	-	0.19	-	-	18.66
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>13.00</b>	<b>5.47</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>18.66</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>13.00</b>	<b>5.47</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>18.66</b>

As at March 31, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	3.15	4.50	-	0.19	-	-	7.84
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>3.15</b>	<b>4.50</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>7.84</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>3.15</b>	<b>4.50</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>7.84</b>

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PT Capillary Technologies Indonesia  
Notes to the special purpose Ind AS financial statements

9 Other assets

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Non-current</b>		
<b>Others (Unsecured, considered good)</b>		
Capitalised contract costs*	0.35	0.34
	<b>0.35</b>	<b>0.34</b>
<b>Current</b>		
<b>Advances other than capital advances</b>		
Unsecured, considered good	0.34	0.39
<b>Others (Unsecured, considered good)</b>		
Prepaid expenses	0.35	0.21
Capitalised contract costs*	0.23	0.31
<b>Total</b>	<b>0.92</b>	<b>0.91</b>

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

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Capitalised contract costs</b>		
<b>At the beginning of the period / year</b>	0.65	-
Additions during the period / year	0.01	0.93
Amortised during the period / year	(0.08)	(0.16)
Other adjustments	-	(0.12)
<b>At the end of the period / year</b>	<b>0.58</b>	<b>0.65</b>
<b>The same is shown under:</b>		
Current	0.23	0.31
Non-current	0.35	0.34

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PT Capillary Technologies Indonesia  
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10 Equity share capital

Authorised share Capital

As at April 01, 2020

Increase/ decrease during the year

As at March 31, 2021

Increase/ decrease during the three months period

As at June 30, 2021

Equity Shares	
Number (in million)	₹ in Million
0.80	55.00
-	-
0.80	55.00
-	-
0.80	55.00

(a) Issued equity capital

Equity shares of IDR 14,000 each issued, subscribed and fully paid

As at April 01, 2020

Changes during the year

As at March 31, 2021

Changes during the three months period

As at June 30, 2021

Number (in million)	₹ in Million
0.80	1.59
-	-
0.80	1.59
-	-
0.80	1.59

Based on the Notarial Deed No. 01 of Dita Okta Sesia, S.H., M.Kn approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decree No. AHU-0079307.AH.01.11.TAHUN 2018 dated June 07, 2018, the Company's authorized share capital is INR 55 million which is not yet fully paid. Based on the company's bank and cash account, amount paid by shareholders is INR 1.59 Million. Unpaid portion is still pending from shareholders.

(b) Shares held by the Holding Company and / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by its Holding Company and their subsidiaries / associates are as below:

Name of the shareholder	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	1.59	1.59

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

	June 30, 2021		March 31, 2021	
	No. of shares held (in million)	% holding in the class	No. of shares held (in million)	% holding in the class
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	0.80	100.00%	0.80	100.00%

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

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PT Capillary Technologies Indonesia  
Notes to the special purpose Ind AS financial statements

11 Other Equity

	₹ in Million
<b>Retained Earnings</b>	
<b>Balance as at April 01, 2020</b>	<b>(42.98)</b>
Profit/ (loss) for the year	17.79
<b>Balance as at March 31, 2021</b>	<b>(25.19)</b>
Profit/ (loss) for the three months period	(6.14)
<b>Balance as at June 30, 2021</b>	<b>(31.33)</b>
<b>Foreign currency translation reserve (FCTR)</b>	
<b>Balance as at April 01, 2020</b>	<b>0.47</b>
Other comprehensive income or (loss) for the year	(1.58)
<b>Balance as at March 31, 2021</b>	<b>(1.11)</b>
Other comprehensive income or (loss) for the three months period	(0.37)
<b>Balance as at June 30, 2021</b>	<b>(1.48)</b>
<b>Capital contribution from parent</b>	
<b>At April 01, 2020</b>	<b>-</b>
Changes during the year	-
<b>At March 31, 2021</b>	<b>-</b>
Changes during the three months period	0.22
<b>At June 30, 2021</b>	<b>0.22</b>

**Nature and purpose of reserves**

**11.1 Retained Earnings**

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

**11.2 Foreign currency translation reserve (FCTR)**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**11.3 Capital contribution from parent**

The Parent has a share option scheme under which it grants employee stock options to certain employees of the Company without any cross charge. Capital contribution from parent is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration by the parent. Refer Note 26 for further details of these.



12 Trade Payables

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>At amortised cost</b>		
Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>1</sup>	99.28	84.76
<b>Total</b>	<b>99.28</b>	<b>84.76</b>
<b>The above amount includes:</b>		
Trade payables to related parties (refer note 29)	86.17	76.65
Trade payables to others	13.11	8.11
<b>Total</b>	<b>99.28</b>	<b>84.76</b>

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

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

	(₹ in Million)	
<b>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period/ year:</b>	As at June 30, 2021	As at March 31, 2021
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
- The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period / 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 period / 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 period / year	-	-
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as 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.	-	-

12.1 Trade payables ageing schedule - Based on the requirements of Schedule III

As at June 30, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	99.28	-	-	-	99.28
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>99.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99.28</b>

As at March 31, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	84.45	0.31	-	-	84.76
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>84.45</b>	<b>0.31</b>	<b>-</b>	<b>-</b>	<b>84.76</b>

- There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule

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PT Capillary Technologies Indonesia  
Notes to the special purpose Ind AS financial statements

13 Other financial liabilities

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>At amortised cost</b>		
Accrued salaries and benefits	0.62	0.81
	<b>0.62</b>	<b>0.81</b>

14 Other liabilities

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Current</b>		
Statutory dues payable	3.38	1.17
Deferred revenue	41.81	34.70
<b>Total</b>	<b>45.19</b>	<b>35.87</b>

15 Provisions

	(₹ in Million)	
	As at June 30, 2021	As at March 31, 2021
<b>Current</b>		
<b>Provision for employee benefits:</b>		
Provision for compensated absences	0.30	0.25
	<b>0.30</b>	<b>0.25</b>

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16 Revenue from operations

Type of service	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
<b>Sale of services</b>		
Retainership and other income from external customers	9.13	51.83
Installation income from external customers	1.64	13.50
Income from campaign services	4.94	11.18
	<b>15.71</b>	<b>76.51</b>
Indonesia	15.71	76.51
Outside Indonesia	-	-
<b>Total revenue from operations</b>	<b>15.71</b>	<b>76.51</b>

Timing of revenue recognition	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Services transferred over time	10.77	65.33
Services transferred at a point in time	4.94	11.18
	<b>15.71</b>	<b>76.51</b>

16.1 Contract balances

<b>Trade receivables:</b>		
- Current (gross)	18.66	7.84
- Impairment allowance	-	-
<b>Contract assets:-</b>		
<b>Unbilled revenue:</b>		
- Current	0.99	1.08
<b>Contract liabilities:-</b>		
<b>Deferred revenue:</b>		
- Current	41.81	34.70

17 Other income

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Gain on account of foreign exchange fluctuations (net)	0.08	5.60
Provisions/ liabilities no longer required, written back	0.20	0.59
Other non-operating income	0.13	0.49
<b>Total</b>	<b>0.41</b>	<b>6.68</b>

18 Finance income

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Interest income on bank deposits (gross)	0.17	0.49
	<b>0.17</b>	<b>0.49</b>

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19 Employee benefit expenses

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Salaries, wages and bonus	4.37	13.24
Contribution to provident and other funds	0.17	0.47
Staff welfare expenses	0.28	0.43
Staff training and recruitment expenses	-	-
Sales commission expenses	0.08	0.16
Employee stock options expenses	0.22	-
<b>Total</b>	<b>5.12</b>	<b>14.30</b>

20 Depreciation and amortization expenses

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Depreciation of property, plant and equipment (refer note 4)	-	0.03
	-	<b>0.03</b>

21 Finance costs

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Bank charges	0.04	0.13
	<b>0.04</b>	<b>0.13</b>

22 Other expenses

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Travelling and conveyance	0.05	1.06
Rent	0.12	0.60
Communication costs	0.04	0.22
Payment to auditor*	0.52	0.19
Power and fuel	-	0.01
Provision for doubtful trade receivables and advances (including bad debts written off)	-	0.23
Advances / deposits written off	-	0.19
Selling and marketing expenses	0.18	0.66
Repairs and maintenance - others	-	0.22
Loss on account of foreign exchange fluctuations (net)	-	-
Rates and taxes	0.58	3.39
Software and server charges	-	-
Miscellaneous expenses	-	0.06
<b>Total</b>	<b>1.49</b>	<b>6.83</b>

\*Payment to Auditor (exclusive of goods and service tax)

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
<b>As auditor:</b>		
Audit fees (including fee for internal controls over financial reporting)	0.52	0.19

23 Income Tax

Income tax expenses in the statement of profit and loss consist of the following:

	(₹ in Million)	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
(a) Current tax	0.19	3.10
(b) Deferred tax charge / (credit)	-	-
	<b>0.19</b>	<b>3.10</b>

24 Earnings per share (EPS)

**Basic:** Basic EPS is calculated by dividing the profit/ loss for the period/year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period / 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 year / 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.

**Diluted:** Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Face value of equity shares (IDR per share)	14,000.00	14,000.00
Profit/ (loss) attributable to equity shareholders (₹ in million) (a)	(6.14)	17.79
Weighted average number of equity shares used for computing EPS (basic and diluted) (in million) (b)	0.80	0.80
<b>EPS- Basic and diluted (₹) (c=a/b)</b>	<b>(7.67)</b>	<b>22.24</b>

Earnings per share for the three months period ended June 30, 2021 are not annualised

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**25 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's Ind AS Restated Summary 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non financial assets, fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits) and leases - estimating the incremental borrowing rate.

**(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 Restated Ind AS Summary Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 31 for further disclosures.

**(b) Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**(c) 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 5.

**(d) 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.

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## 26 Share-based payments

### (A) Description of the share based payment arrangements

At a meeting of the members of Holding Company held on August 10, 2015, the shareholders of the Holding Company had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

### (B) Measurement of fair values

The fair value of the share options granted under the GESP is estimated at the grant date using Back-solve method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the period ended June 30, 2021 and years ended March 31, 2021 respectively:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Dividend yield (%)	0%	-
Expected volatility (%)	31.67% - 86.38%	-
Risk-free interest rate (% p.a.)	1.43% - 2.28%	-
Expected life of option (years)	2 - 7	-
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	-
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	-

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### (C) Movements during the year

The following table illustrates the number and WAEP of, and movements in, GESP plan during the period

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021
	Number of options	Number of options
Options outstanding at the beginning of the period / year	-	-
Granted during the period / year	2,187	-
Forfeited / lapsed during the period / year	-	-
Exercised during the period / year	-	-
Expired during the period / year	-	-
<b>Options outstanding at the end of the period / year</b>	<b>2,187</b>	<b>-</b>

The options outstanding as at June 30, 2021 had an exercise price of Nil and weighted average remaining contractual life of 5.61 years.

The weighted average fair value of options granted during the period ended June 30, 2021 was USD 5.45.

### (D) Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

	(₹ in Million)	
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Expense arising from equity settled share based payment transaction (refer note 19)	0.22	-

- (E) The Holding Company had granted stock options to employees of PT Capillary Technologies Indonesia under ESOP plans as detailed in note 26(A) above. The Holding Company has an obligation to settle the transaction with the employees of PT Capillary Technologies Indonesia by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.



**27 Lease**

**I. Company as a lessee during the period / year**

The Company has lease contracts for offices facilities. The lease term of the office facilities is generally 0-1 year. The Company also has certain leases of offices with lease terms of 12 months or less or low value. The Company applies the leases of low value assets and short term leases recognition exemptions for these leases.

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

The Company has used short term leases recognition exemption as per paragraph 5 of IND AS 116 for the year ended March 31, 2021 and period ended June 30, 2021 where the tenure of lease was 12 months or less.

**28 Contingent liabilities**

There were no contingencies and commitments as on the reporting period / year.

**29 Related party disclosures**

**a) Names of the related parties and description of relationship**

Nature of Relationship	Name of the Party
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore, Holding Company
Fellow subsidiary	Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) Capillary Technologies Inc., USA Capillary Technologies (UK) Limited, United Kingdom Capillary Technologies DMCC, UAE Reasoning Global E-Applications Private Limited, India Capillary Technologies Shanghai Co. Ltd, China Capillary Technologies (Malaysia) Sdn Bhd
Key managerial personnel [KMP]	Mr. Anant Choubey, Director Mr. Syaiful Nurul Hidayat, Director Mr. Aneesh Reddy Boddu, Director

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

	(₹ in Million)	
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021

**1) Transactions during the period**

**(i) Reimbursement of expenses incurred on behalf of the Company**

Capillary Technologies International Pte. Ltd., Singapore	8.51	25.55
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	(₹ in Million)	
Particulars	As at June 30, 2021	As at March 31, 2021

**2) Outstanding balances as at period end**

**(i) Trade Payables**

Capillary Technologies International Pte. Ltd., Singapore	86.17	76.65
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**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 period end are unsecured and settlement occurs in cash.

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

#### (a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

##### (i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's 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 Restated Ind AS Summary Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

##### (ii) Reportable segments:

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

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".

#### (b) Geographical information

(i) The geographical information considered for disclosure are - Indonesia and Overseas

	(₹ in Million)	
	Revenue from operations <sup>1</sup>	
	For the three months period ended June 30, 2021	For the year ended March 31, 2021
Indonesia	15.71	76.51
Outside Indonesia	-	-
<b>Total</b>	<b>15.71</b>	<b>76.51</b>

	(₹ in Million)	
	Non-current Assets <sup>2</sup>	
	As at June 30, 2021	As at March 31, 2021
Indonesia	0.01	0.02
Outside Indonesia	-	-
<b>Total</b>	<b>0.01</b>	<b>0.02</b>

1. Revenue by geographical area are based on the geographical location of the customers.

2. Non-current assets excludes financial instruments and tax assets.

(c) During the period ended June 30, 2021 and years ended March 31, 2021 there was no revenue from outside Indonesia.

#### Information about major customers

Number of customers contributed 10% or more of the total company's revenue	2	4
Percentage of total revenue	44%	53%

#### (d) Disaggregated revenue information

For disaggregation of revenue, refer Note 16.

### 31 Disclosures on Financial instruments

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

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.14.

#### (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. There are no non-current financial assets and liabilities. There are no financial instruments which are measured at fair value through statement of profit and loss or fair value through Other Comprehensive Income as at June 30, 2021 and March 31, 2021.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at June 30, 2021 and March 31, 2021

Particulars	(₹ in Million)	
	Carrying and Fair Value	
	As at June 30, 2021	As at March 31, 2021
<b>Financial assets</b>		
(i) Trade receivables	18.66	7.84
(ii) Cash and cash equivalents	93.38	86.71
(iii) Loans	-	-
(iv) Other financial assets	1.07	1.16
<b>Total</b>	<b>113.11</b>	<b>95.71</b>
<b>Financial liabilities</b>		
(i) Trade payables	99.28	84.76
(ii) Other financial liabilities	0.62	0.81
<b>Total</b>	<b>99.90</b>	<b>85.57</b>

#### (b) Fair Value Hierarchy

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the period ended June 30, 2021 and for the year ended March 31, 2021.

#### (c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise 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, equity prices, 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

##### (a) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investing and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

### 31 Disclosures on Financial instruments (contd.)

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

Particulars	As at June 30, 2021		As at March 31, 2021	
	Amount in IDR (in Million)	Amount in ₹ (in Million)	Amount in IDR (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>				
Trade receivables	3,637.43	18.66	1,549.71	7.84
<b>Financial liabilities</b>				
Trade payables	19,352.83	99.28	16,754.30	84.76

#### 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	(₹ in Million)	
		Effect on profit or loss before tax	
		Strengthening	Weakening
<b>June 30, 2021</b>			
USD	5%	4.31	(4.31)
<b>March 31, 2021</b>			
USD	5%	3.83	(3.83)

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at June 30, 2021 and March 31, 2021. The period end balances are not necessarily representative of the average debt outstanding during the period.

#### (ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ (June 30, 2021: ₹ 113.11 million and March 31, 2021: ₹ 95.71 million), being the total carrying value of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Refer note 5 for movement in expected credit loss for the period ended June 30, 2021 and the year ended March 31, 2021.

#### (d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company 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.

**31 Disclosures on Financial instruments (contd.)**

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.

<b>(₹ in Million)</b>				
<b>Particulars</b>	<b>0 - 1 years</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>June 30, 2021</b>				
Trade payables	99.28			99.28
Other financial liabilities	0.62			0.62
	<b>99.90</b>	<b>-</b>	<b>-</b>	<b>99.90</b>
<b>March 31, 2021</b>				
Trade payables	84.45	0.31	-	84.76
Other financial liabilities	0.81	-	-	0.81
	<b>85.26</b>	<b>0.31</b>	<b>-</b>	<b>85.57</b>

*(This space has been intentionally left blank)*

**32 Capital Management**

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

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

No changes were made in the objectives, policies or processes for managing capital during the period ended June 30, 2021 and year ended March 31, 2021.

Net Gearing Ratio: Since the company is not having any debt, gearing ratio has not been calculated

*(This space has been intentionally left blank)*

### 33 Ratio Analysis and its elements

Particulars	Numerator	Denominator	As at June 30, 2021	As at March 31, 2021	Variance (June 2021 vs March 2021)	Reasons for variance of more than 25 %
Current ratio	Current assets	Current liabilities	0.78	0.79	-1%	Variance on account of improvement in working capital of the Company
Debt equity ratio <sup>1</sup>	Debt	Total Equity	NA	NA	NA	

Particulars	Numerator	Denominator	For the three months period ended June 30, 2021	For the year ended March 31, 2021	Variance (June 2021 vs March 2021)	Reasons for variance of more than 25 %
Debt service coverage ratio <sup>1</sup>	EBITDA	Debt (Borrowings)	NA	NA	NA	
Return on equity ratio	Profit for the period/year	Total Equity	0.19	(0.85)	-123%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Trade receivable turnover ratio	Revenue from operations	Trade Receivable	0.84	9.76	-91%	Variance on account of reduction in revenue from operation vis-à-vis reduction in trade receivable
Trade payables turnover ratio	Revenue from operations	Trade Payables	0.16	0.90	-82%	Variance on account of reduction in revenue from operation vis-à-vis change in trade payable
Net capital turnover ratio	Revenue from operations	Total Equity	(0.51)	(3.10)	-84%	Variance on account of improvement in working capital
Net profit ratio	Profit for the period/year	Revenue from operations	(0.38)	0.27	-239%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	0.20	(0.83)	-124%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Return on investment.	Interest (Finance income)	Other bank balances	NA	NA	NA	

**\*Reasons for variance of more than 25% in above ratios**

1. Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue were affected during the three month period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable.
2. Ratios for the three months period ended June 30, 2021 have not been annualised.

**PT Capillary Technologies Indonesia**

**Notes to the special purpose Ind AS financial statements**

- 34 The spread of COVID-19 has severely impacted the business operations around the globe including Indonesia. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

**35 Events after the Reporting period**

Subsequent to the period ended June 30, 2021, Capillary Technologies International Pte Ltd, Singapore, has entered into a gift agreement dated November 30, 2021 with Capillary Pte Ltd and transferred 100 per cent of the issued share capital of the Company to Capillary Pte Ltd. on November 30, 2021.

- 36 As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact these Special Purpose Financial Statements.
- 37 Previous years numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications. The management believes that such reclassifications of items are not material as they would, individually or collectively, not influence the economic decisions that users make on the basis of the Special Purpose Financial Statements.
- 38 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Special Purpose Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date

For Kantor Akuntan Publik Tanuwijaya  
Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

David Tanuwijaya  
Partner

Place: Jakarta, Indonesia

Anant Choubey  
Director

Place: Bengaluru, India

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia



## **INDEPENDENT AUDITOR'S REPORT**

**00001/2.1291/ISA/05/1543-1/1/XII/2021**

To the Board of Directors of PT Capillary Technologies Indonesia

### **Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of PT Capillary Technologies Indonesia (the "Company"), which comprises the Balance sheet as at March 31, 2021, March 31, 2020, March 31, 2019 and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended March 31, 2021, March 31, 2020, March 31, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements"). These Special Purpose Ind AS Financial Statements have been prepared by the Management as per group accounting policies of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') ('the Parent Company')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2 of the notes to the accompanying Special Purpose Ind AS Financial Statements.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements in Indonesia and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

## **Responsibility of Management and Those Charged with Governance for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2 of the Special Purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors of the Parent Company 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 Parent Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Special Purpose Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

#### **Other matters - restriction of use**

The accompanying Special Purpose Ind AS financial statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited (formerly known as ‘Capillary Technologies India Private Limited’) for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019 and inclusion in the Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus and for the use by the current statutory auditor of the Capillary Technologies India Limited (formerly known as ‘Capillary Technologies India Private Limited’) in connection with the Capillary Technologies India Limited’s (formerly known as ‘Capillary Technologies India Private Limited’) proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose.

**REGISTERED PUBLIC ACCOUNTANT**  
**“ADI NURONI”**

**Adi Nuron, SE., Ak., CA., CPA.**  
 NRAP AP.1543

Jakarta, December 07, 2021

**PT Capillary Technologies Indonesia**  
**Special Purpose Ind AS financial statements**  
**Balance Sheet**

		(₹ in Million)		
	Notes	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>I Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant and equipment	4	0.02	0.04	0.12
(b) Other non-current assets	9	0.34	-	-
		<b>0.36</b>	<b>0.04</b>	<b>0.12</b>
<b>(2) Current assets</b>				
(a) Financial assets				
(i) Trade receivables	5	7.84	20.94	14.34
(ii) Cash and cash equivalents	6	86.71	27.63	57.05
(iii) Loans	7	-	0.23	1.04
(iv) Other financial assets	8	1.16	0.66	1.51
(b) Other current assets	9	0.91	0.79	0.88
		<b>96.62</b>	<b>50.25</b>	<b>74.82</b>
<b>Total assets (1+2)</b>		<b>96.98</b>	<b>50.29</b>	<b>74.94</b>
<b>II Equity and liabilities</b>				
<b>(1) Equity</b>				
(a) Equity share capital	10	1.59	1.59	1.59
(b) Other equity	11	(26.30)	(42.51)	(15.59)
<b>Total Equity</b>		<b>(24.71)</b>	<b>(40.92)</b>	<b>(14.00)</b>
<b>(2) Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises				
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	84.76	64.33	67.80
(ii) Other financial liabilities	13	0.81	0.05	1.20
(b) Other current liabilities	14	35.87	26.67	19.67
(c) Provisions	15	0.25	0.16	0.27
<b>Total liabilities</b>		<b>121.69</b>	<b>91.21</b>	<b>88.94</b>
<b>Total equity and liabilities (1+2)</b>		<b>96.98</b>	<b>50.29</b>	<b>74.94</b>

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Adi Nuroni  
Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

Adi Nuroni, SE., Ak  
Partner

Anant Choubey  
Director

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

Place: Bengaluru, India

Place: Jakarta, Indonesia

PT Capillary Technologies Indonesia  
Special Purpose Ind AS financial statements  
Statement of Profit and Loss

(₹ in Million)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Revenue</b>				
Revenue from operations	16	76.51	85.20	65.47
Other income	17	6.68	0.05	-
Finance income	18	0.49	0.27	0.31
<b>Total income</b>		<b>83.68</b>	<b>85.52</b>	<b>65.78</b>
<b>II Expenses</b>				
Cost of campaign services		13.37	18.88	-
Professional and consultancy services		28.13	60.78	61.10
Employee benefit expenses	19	14.30	16.84	9.10
Depreciation and amortization expenses	20	0.03	0.08	0.06
Finance costs	21	0.13	0.09	0.09
Other expenses	22	6.83	16.40	10.53
<b>Total expenses</b>		<b>62.79</b>	<b>113.07</b>	<b>80.88</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>20.89</b>	<b>(27.55)</b>	<b>(15.10)</b>
<b>IV Tax expenses</b>				
(a) Current tax	23	3.10	-	0.33
(b) Deferred tax charge / (credit)		-	-	-
<b>Total tax expenses</b>		<b>3.10</b>	<b>-</b>	<b>0.33</b>
<b>V Profit / (loss) for the year (III - IV)</b>		<b>17.79</b>	<b>(27.55)</b>	<b>(15.43)</b>
<b>VI Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
(i) Foreign currency translation		(1.58)	0.63	(0.16)
(ii) Income tax effect on above		-	-	-
<b>Total other comprehensive income / (loss) for the year, net of tax</b>		<b>(1.58)</b>	<b>0.63</b>	<b>(0.16)</b>
<b>VII Total comprehensive income / (loss) for the year (net of tax) (V + VI)</b>		<b>16.21</b>	<b>(26.92)</b>	<b>(15.59)</b>
<b>VIII Earnings per equity share (nominal value of IDR 14,000 each)</b>	24			
Basic (₹)		22.24	(34.44)	(19.29)
Diluted (₹)		22.24	(34.44)	(19.29)

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Adi Nuroni

Chartered Accountants

For and on behalf of the Board of Directors of

PT Capillary Technologies Indonesia

Adi Nuroni, SE., Ak  
Partner

Place: Jakarta, Indonesia

Anant Choubey  
Director

Place: Bengaluru, India

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

PT Capillary Technologies Indonesia  
Special Purpose Ind AS financial statements  
Statement of Cash Flows

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from / (used in) operating activities</b>			
Profit / (loss) before tax	20.89	(27.55)	(15.10)
Adjustments to reconcile profit / (loss) before tax to net cash flows			
Depreciation and amortisation expenses	0.03	0.08	0.06
Provision for doubtful trade receivables and advances (including bad debts written off)	0.23	2.49	-
Finance costs	0.13	0.09	0.09
Employee stock option expenses	-	-	-
Net foreign exchange differences	(4.02)	5.28	0.22
Finance income	(0.49)	(0.27)	(0.31)
Provision/ liabilities no longer required, written back	(0.59)	-	-
<b>Operating profit / (loss) before working capital changes</b>	<b>16.18</b>	<b>(19.88)</b>	<b>(15.04)</b>
Working capital adjustments:			
(Increase) / decrease in trade receivables	15.32	(13.99)	(14.34)
Decrease / (increase) in non-current and current loans, other financial and other assets	(0.73)	1.75	(3.43)
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities and provisions	31.05	2.52	88.56
<b>Cash generated from / (used in) operations</b>	<b>61.81</b>	<b>(29.60)</b>	<b>55.75</b>
Direct taxes (paid) / refund	(3.10)	-	(0.33)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>58.71</b>	<b>(29.60)</b>	<b>55.42</b>
<b>B. Cash flow from/ (used in) investing activities</b>			
Purchase of property, plant and equipment	-	-	(0.18)
Interest income received	0.49	0.27	0.31
<b>Net cash flow from investing activities (B)</b>	<b>0.49</b>	<b>0.27</b>	<b>0.13</b>
<b>C. Cash flow from / (used in) financing activities</b>			
Proceeds from issue of shares	-	-	1.59
Finance costs paid	(0.13)	(0.09)	(0.09)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>(0.13)</b>	<b>(0.09)</b>	<b>1.50</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>59.07</b>	<b>(29.42)</b>	<b>57.05</b>
Cash and cash equivalents at the beginning of the year	27.63	57.05	-
<b>Cash and cash equivalents at the end of the year</b>	<b>86.71</b>	<b>27.63</b>	<b>57.05</b>

**Note:**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Adi Nuroni

Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

Adi Nuroni, SE., Ak  
Partner

Place: Jakarta, Indonesia

Anant Choubey  
Director

Place: Bengaluru, India

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

PT Capillary Technologies Indonesia  
Special Purpose Ind AS financial statements  
Statement of Changes in Equity

**A. Equity share capital**

Equity shares of IDR 14,000 each issued, subscribed and fully paid

**Particulars**

**At April 01, 2018**

Add: Issued during the year

**At March 31, 2019**

Add: Issued during the year

**At March 31, 2020**

Add: Issued during the year

**At March 31, 2021**

Number	(₹ in Million)
-	-
800,000	1.59
<b>800,000</b>	<b>1.59</b>
-	-
<b>800,000</b>	<b>1.59</b>
-	-
<b>800,000</b>	<b>1.59</b>

**B. Other Equity \***

B. Other Equity*			(₹ in Million)	
Particulars	Attributable to the equity shareholders			Total other equity
	Reserves and Surplus			
	Retained earnings	Capital contibution from parent	Other Components of equity	
			FCTR	
Balance as at April 01, 2018	-	-	-	-
Profit / (loss) for the period	(15.43)	-	-	(15.43)
Employee stock option expenses for the year	-	-	-	-
Other comprehensive (loss)/ income for the year (net of taxes)	-	-	(0.16)	(0.16)
Balance as at March 31, 2019	(15.43)	-	(0.16)	(15.59)
Profit / (loss) for the period	(27.55)	-	-	(27.55)
Employee stock option expenses for the year	-	-	-	-
Other comprehensive (loss)/ income for the year (net of taxes)	-	-	0.63	0.63
Balance as at March 31, 2020	(42.98)	-	0.47	(42.51)
Profit / (loss) for the period	17.79	-	-	17.79
Employee stock option expenses for the year	-	-	-	-
Other comprehensive (loss)/ income for the year (net of taxes)	-	-	(1.58)	(1.58)
Balance as at March 31, 2021	(25.19)	-	(1.11)	(26.30)

\*Also refer note 11

Summary of significant accounting policies (Refer note 3)  
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Adi Nuroni

Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

Adi Nuroni, SE., Ak  
Partner

Place: Jakarta, Indonesia

Anant Choubey  
Director

Place: Bengaluru, India

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

# PT Capillary Technologies Indonesia

## Notes to the Special Purpose Ind AS Financial Statements

### 1. Corporate information

The financial statements comprise financial statements of PT Capillary Technologies Indonesia for the year ended March 31, 2021; March 31, 2020; March 31, 2019. PT Capillary Technologies Indonesia (the "Company") was incorporated on June 4, 2018 based on the Notarial Deed No. 01 of Dita Okta Sesia, S.H., M.Kn. The Company's Articles of Association was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decree No. AHU-0079307.AH.01.11.TAHUN 2018 dated June 07, 2018.

The Company's Articles of Association have been amended. The latest amendment is through Notarial Deed No. 29 dated October 29, 2020 of Dita Okta Sesia, S.H., M.Kn.

Based on the Company's Articles of Association, the business activities of the Company are management consulting, with sub activities are providing advisory assistance, guidance and business operations and other organizational and management issues. The Company is domiciled in Cilandak Barat, Jakarta Selatan.

### 2 Basis of preparation

The special purpose financial statements of the company have been prepared in accordance with the group accounting policies as adopted in the Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited' India (formerly known as 'Capillary Technologies India Private Limited') and presentation requirements of Division II of Schedule III to the India Companies Act, 2013, (Ind AS compliant Schedule III), with effect from April 01, 2021. In addition, the Company has complied with the accounting policies and presentation requirements of Division II of Schedule III to the Companies Act, 2013 for all the historical financial years, to make the accounting policies and the presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

- a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP', in connection with the proposed initial public offering of equity shares of face value of ₹ 2 each of Capillary Technologies India Limited.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of ₹ 2 each of Capillary Technologies India Limited.

The financial statements have been prepared on an accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these Special Purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

### 3 Summary of significant accounting policies

#### Current versus non-current classification

##### a. Current versus non-current classification

The Company presents assets and liabilities in the Financial Statements 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



**PT Capillary Technologies Indonesia**  
**Notes to the Special Purpose Ind AS Financial Statements**

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 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 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
- ▶ Investment in unquoted equity shares
- ▶ Financial instruments (including those carried at amortised cost)

**c. Revenue recognition**

Revenue from operations is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 16.

#### **Income from services**

##### **i) Retainer services**

The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

##### **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. Billing in excess of revenue pertains to amount billed to customer for services to be rendered in future periods and has been disclosed as contract liabilities.

##### **iii) Installation services**

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

#### **Other income**

##### **i) Interest Income**

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

##### **ii) Dividend Income**

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

#### **Contract balances**

##### **Contract assets**

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

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

##### **Trade receivables**

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

**PT Capillary Technologies Indonesia**  
**Notes to the Special Purpose Ind AS Financial Statements**

**Capitalised contract costs**

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

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

**Contract liabilities**

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

**d. Taxes on income**

**Current income tax**

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

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

**Deferred Tax**

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

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

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

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

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

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

**PT Capillary Technologies Indonesia**  
**Notes to the Special Purpose Ind AS Financial Statements**

**e. Property, plant and equipment**

As at proforma date of transition to Ind AS i.e. April 01, 2018, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as follows:  
Computers – 3 years

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

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

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

**f. Leases**

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.

**i) 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.

**ii) Short-term leases and leases of low-value assets**

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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.

#### **g. Impairment of non-financial assets**

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to 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. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

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

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

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

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

When an impairment loss subsequently 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 been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

#### **h. Provisions and contingent liabilities**

##### **General**

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

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

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

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 Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

#### **i. Retirement and other employee benefits**

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

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

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

#### **j. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities contracts are initially measured at transaction cost and where such

## **PT Capillary Technologies Indonesia**

### **Notes to the Special Purpose Ind AS Financial Statements**

values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

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

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

#### **Effective interest method**

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

#### **(i) Financial assets**

##### **Financial assets at amortised cost**

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

##### **Financial assets measured at fair value**

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

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

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

#### **Impairment of financial assets excluding investments in subsidiaries and associates**

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

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

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 approximate fair value due to the short maturity of these instruments.

#### **De-recognition of financial assets**

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



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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 amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

**(ii) Financial liabilities and equity instruments**

**Classification as debt or equity**

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

**Equity Instruments**

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

**Financial Liabilities**

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

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



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### **Notes to the Special Purpose Ind AS Financial Statements**

#### **b) De-recognition**

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

#### **Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

#### **k. 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 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".

#### **l. Cash and cash equivalents**

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

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

#### **m. Share-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Refer note 26 for further details.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

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

**n. Dividend**

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**o. Foreign currencies**

The Company's financial statements are presented in INR, which is also the parent company's functional currency. The Company's functional currency is Indonesia Rupiah (IDR) and items included in the financial statements are measured using that functional currency.

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

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

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

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

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

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**p. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) 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 dilutive potential equity shares.

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4 Property, plant and equipment		(₹ in Million)
Particulars	Computers	Total
<b>Cost</b>		
<b>At April 01, 2018</b>	-	-
Additions	0.18	0.18
Disposals / adjustments	-	-
Exchange differences	-	-
<b>At March 31, 2019</b>	<b>0.18</b>	<b>0.18</b>
Additions	-	-
Disposals / adjustments	-	-
Exchange differences	-	-
<b>At March 31, 2020</b>	<b>0.18</b>	<b>0.18</b>
Additions	-	-
Disposals / adjustments	-	-
Exchange differences	0.00	0.00
<b>At March 31, 2021</b>	<b>0.18</b>	<b>0.18</b>
<b>Accumulated depreciation</b>		
<b>At April 01, 2018</b>	-	-
Charge for the year	0.06	0.06
Disposals / adjustments	-	-
Exchange differences	0.00	0.00
<b>At March 31, 2019</b>	<b>0.06</b>	<b>0.06</b>
Charge for the year	0.08	0.08
Disposals / adjustments	-	-
Exchange differences	0.00	0.00
<b>At March 31, 2020</b>	<b>0.14</b>	<b>0.14</b>
Charge for the year	0.03	0.03
Disposals / adjustments	-	-
Exchange differences	(0.01)	(0.01)
<b>At March 31, 2021</b>	<b>0.16</b>	<b>0.16</b>
<b>Net book value</b>		
<b>At April 01, 2018</b>	-	-
<b>At March 31, 2019</b>	<b>0.12</b>	<b>0.12</b>
<b>At March 31, 2020</b>	<b>0.04</b>	<b>0.04</b>
<b>At March 31, 2021</b>	<b>0.02</b>	<b>0.02</b>

5 Trade receivables

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade receivables - Others <sup>2</sup>	7.84	23.39	14.34
Receivable from related parties <sup>1,2</sup>	-	-	-
<b>Total trade receivables</b>	<b>7.84</b>	<b>23.39</b>	<b>14.34</b>
<b>Break-up for security details:</b>			
Trade receivables - Unsecured, considered good	7.84	20.94	14.34
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	2.45	-
<b>(A)</b>	<b>7.84</b>	<b>23.39</b>	<b>14.34</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>			
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	(2.45)	-
<b>(B)</b>	<b>-</b>	<b>(2.45)</b>	<b>-</b>
<b>Total</b>	<b>(A + B) 7.84</b>	<b>20.94</b>	<b>14.34</b>

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 29.

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

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

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Expected credit loss allowance</b>			
<b>At the beginning of the year</b>	2.45	-	-
Provision made during the year	-	2.45	-
(Utilized) / (reversed) during the year	(2.45)	-	-
<b>At the end of the year</b>	<b>-</b>	<b>2.45</b>	<b>-</b>

6 Cash and cash equivalents

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Balances with banks</b>			
On current accounts	86.71	27.63	57.05
	<b>86.71</b>	<b>27.63</b>	<b>57.05</b>

7 Loans

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Loans (Unsecured considered good unless otherwise stated)</b>			
Loan to employees <sup>1</sup>	-	0.23	1.04
	<b>-</b>	<b>0.23</b>	<b>1.04</b>

Notes:

1. Loans to employees are unsecured, interest free, repayable on instalments which is generally 6 months and to be settled in cash.

8 Other financial assets

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Current</b>			
<b>Financial instruments at amortised cost</b>			
Security deposits	0.08	-	-
Unbilled revenue <sup>1</sup>	1.08	0.66	1.51
<b>Total</b>	<b>1.16</b>	<b>0.66</b>	<b>1.51</b>

8.1 Unbilled revenue ageing schedule - Based on the requirements of Schedule III

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Undisputed - considered good</b>	1.08	0.66	1.51
<b>Current but not due</b>	<b>1.08</b>	<b>0.66</b>	<b>1.51</b>

5.1 Trade receivables ageing schedule - Based on the requirements of Amended Schedule III  
As at March 31, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	3.15	4.50	-	0.19	-	-	7.84
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>3.15</b>	<b>4.50</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>7.84</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>3.15</b>	<b>4.50</b>	<b>-</b>	<b>0.19</b>	<b>-</b>	<b>-</b>	<b>7.84</b>

As at March 31, 2020

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	13.76	7.18	-	-	-	-	20.94
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	2.30	0.09	0.06	-	-	2.45
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>13.76</b>	<b>9.48</b>	<b>0.09</b>	<b>0.06</b>	<b>-</b>	<b>-</b>	<b>23.39</b>
Less: credit impaired	-	(2.30)	(0.09)	(0.06)	-	-	(2.45)
<b>Total</b>	<b>13.76</b>	<b>7.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.94</b>

As at March 31, 2019

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	8.44	5.90	-	-	-	-	14.34
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>8.44</b>	<b>5.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.34</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>8.44</b>	<b>5.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.34</b>

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Notes to the special purpose Ind AS financial statements

9 Other assets

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>			
<b>Others (Unsecured, considered good)</b>			
Capitalised contract costs*	0.34	-	-
	<b>0.34</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
<b>Advances other than capital advances</b>			
Unsecured, considered good	0.39	0.19	-
<b>Others (Unsecured, considered good)</b>			
Prepaid expenses	0.21	0.60	0.71
Capitalised contract costs*	0.31	-	0.17
<b>Total</b>	<b>0.91</b>	<b>0.79</b>	<b>0.88</b>

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

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Capitalised contract costs</b>			
<b>At the beginning of the year</b>	-	0.17	-
Additions during the year	0.93	0.09	0.50
Amortised during the year	(0.16)	(0.26)	(0.33)
Other adjustments	(0.12)	-	-
<b>At the end of the year</b>	<b>0.65</b>	<b>-</b>	<b>0.17</b>
<b>The same is shown under:</b>			
Current	0.31	-	0.17
Non-current	0.34	-	-

10 Equity share capital

Authorised share Capital

As at April 01, 2018  
Increase/ decrease during the year  
As at March 31, 2019  
Increase/ decrease during the year  
As at March 31, 2020  
Increase/ decrease during the year  
As at March 31, 2021

Equity Shares	
Number (in million)	₹ in Million
-	-
0.80	55.00
0.80	55.00
-	-
0.80	55.00
-	-
0.80	55.00

(a) Issued equity capital

Equity shares of IDR 14,000 each issued, subscribed and fully paid

As at April 01, 2018  
Changes during the year  
As at March 31, 2019  
Changes during the year  
As at March 31, 2020  
Changes during the year  
As at March 31, 2021

Number (in million)	₹ in Million
-	-
0.80	1.59
0.80	1.59
-	-
0.80	1.59
-	-
0.80	1.59

Based on the Notarial Deed No. 01 of Dita Okta Sesia, S.H., M.Kn approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decree No. AHU-0079307.AH.01.11.TAHUN 2018 dated June 07, 2018, the Company's authorized share capital is INR 55 million which is not yet fully paid. Based on the company's bank and cash account, amount paid by shareholders is INR 1.59 Million. Unpaid portion is still pending from shareholders.

(b) Shares held by the Holding Company and / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by its Holding Company and their subsidiaries / associates are as below:

Name of the shareholder	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	1.59	1.59	1.59

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

	March 31, 2021		March 31, 2020	
	No. of shares held (in million)	% holding in the class	No. of shares held (in million)	% holding in the class
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	0.80	100.00%	0.80	100.00%
	March 31, 2019			
	No. of shares held (in million)	% holding in the class		
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	0.80	100.00%		

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



## 11 Other Equity

	₹ in Million
<b>Retained Earnings</b>	
<b>Balance as at April 01, 2018</b>	-
Profit/ (loss) for the year	(15.43)
<b>Balance as at March 31, 2019</b>	<b>(15.43)</b>
Profit/ (loss) for the year	(27.55)
<b>Balance as at March 31, 2020</b>	<b>(42.98)</b>
Profit/ (loss) for the year	17.79
<b>Balance as at March 31, 2021</b>	<b>(25.19)</b>
<b>Foreign currency translation reserve (FCTR)</b>	
<b>Balance as at April 01, 2018</b>	-
Other comprehensive income or (loss) for the year	(0.16)
<b>Balance as at March 31, 2019</b>	<b>(0.16)</b>
Other comprehensive income or (loss) for the year	0.63
<b>Balance as at March 31, 2020</b>	<b>0.47</b>
Other comprehensive income or (loss) for the year	(1.58)
<b>Balance as at March 31, 2021</b>	<b>(1.11)</b>
<b>Capital contribution from parent</b>	
<b>At April 01, 2018</b>	-
Changes during the year	-
<b>At March 31, 2019</b>	-
Changes during the year	-
<b>At March 31, 2020</b>	-
Changes during the year	-
<b>At March 31, 2021</b>	-

### Nature and purpose of reserves

#### 11.1 Retained Earnings

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

#### 11.2 Foreign currency translation reserve (FCTR)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

#### 11.3 Capital contribution from Parent

The Parent has a share option scheme under which it grants employee stock options to certain employees of the Company without any cross charge. Capital contribution from holding company is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration by the holding company. Refer Note 26 for further details of these.

*(This space has been intentionally left blank)*

12 Trade Payables

	(₹ in Million)		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>At amortised cost</b>			
Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>1</sup>	84.76	64.33	67.80
<b>Total</b>	<b>84.76</b>	<b>64.33</b>	<b>67.80</b>
<b>The above amount includes:</b>			
Trade payables to related parties (refer note 29)	76.65	55.19	66.05
Trade payables to others	8.11	9.14	1.75
<b>Total</b>	<b>84.76</b>	<b>64.33</b>	<b>67.80</b>

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

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

	(₹ in Million)		
<b>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period/ year:</b>	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
- Principal amount due to micro and small enterprises	-	-	-
- Interest due on above	-	-	-
- The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period / 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 period / 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 period / year	-	-	-
- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as 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.	-	-	-

12.1 Trade payables ageing schedule - Based on the requirements of Schedule III

As at March 31, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	84.45	0.31	-	-	84.76
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>84.45</b>	<b>0.31</b>	<b>-</b>	<b>-</b>	<b>84.76</b>

As at March 31, 2020 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	64.33	-	-	-	64.33
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>64.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.33</b>

As at March 31, 2019 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	67.80	-	-	-	67.80
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>67.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67.80</b>

- There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule

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13 Other financial liabilities

At amortised cost

Accrued salaries and benefits

(₹ in Million)		
As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
0.81	0.05	1.20
<b>0.81</b>	<b>0.05</b>	<b>1.20</b>

14 Other liabilities

Current

Statutory dues payable

Deferred revenue

Total

(₹ in Million)		
As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
1.17	1.04	0.78
34.70	25.63	18.89
<b>35.87</b>	<b>26.67</b>	<b>19.67</b>

15 Provisions

Current

Provision for employee benefits:

Provision for compensated absences

(₹ in Million)		
As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
0.25	0.16	0.27
<b>0.25</b>	<b>0.16</b>	<b>0.27</b>

16 Revenue from operations

Type of service

(₹ in Million)

Sale of services

Retainership and other income from external customers  
Installation income from external customers  
Income from campaign services

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	51.83	58.37	34.72
	13.50	6.68	21.92
	11.18	20.15	8.83
	<b>76.51</b>	<b>85.20</b>	<b>65.47</b>
Indonesia	76.51	85.20	65.47
Outside Indonesia	-	-	-
<b>Total revenue from operations</b>	<b>76.51</b>	<b>85.20</b>	<b>65.47</b>

(₹ in Million)

Timing of revenue recognition

Services transferred over time  
Services transferred at a point in time

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	65.33	65.05	56.64
	11.18	20.15	8.83
	<b>76.51</b>	<b>85.20</b>	<b>65.47</b>

16.1 Contract balances

Trade receivables:

- Current (gross)  
- Impairment allowance

7.84 23.39 14.34  
- (2.45) -

Contract assets:-

Unbilled revenue:

- Current

1.08 0.66 1.51

Contract liabilities:-

Deferred revenue:

- Current

34.70 25.63 18.89

17 Other income

(₹ in Million)

Gain on account of foreign exchange fluctuations (net)  
Provisions/ liabilities no longer required, written back  
Other non-operating income  
**Total**

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	5.60	-	-
	0.59	-	-
	0.49	0.05	-
	<b>6.68</b>	<b>0.05</b>	<b>-</b>

18 Finance income

(₹ in Million)

Interest income on bank deposits (gross)

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	0.49	0.27	0.31
	<b>0.49</b>	<b>0.27</b>	<b>0.31</b>

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19 Employee benefit expenses

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	13.24	14.21	6.63
Contribution to provident and other funds	0.47	0.68	0.32
Staff welfare expenses	0.43	0.93	0.51
Staff training and recruitment expenses	-	0.76	1.31
Sales commission expenses	0.16	0.26	0.33
Employee stock options expenses	-	-	-
<b>Total</b>	<b>14.30</b>	<b>16.84</b>	<b>9.10</b>

20 Depreciation and amortization expenses

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment (refer note 4)	0.03	0.08	0.06
	<b>0.03</b>	<b>0.08</b>	<b>0.06</b>

21 Finance costs

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Bank charges	0.13	0.09	0.09
	<b>0.13</b>	<b>0.09</b>	<b>0.09</b>

22 Other expenses

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	1.06	1.54	2.05
Rent	0.60	1.57	0.65
Communication costs	0.22	0.39	0.24
Payment to auditor*	0.19	0.21	0.20
Power and fuel	0.01	0.05	-
Provision for doubtful trade receivables and advances (including bad debts written off)	0.23	2.49	-
Advances / deposits written off	0.19	-	-
Selling and marketing expenses	0.66	0.73	0.51
Repairs and maintenance - others	0.22	0.92	0.07
Loss on account of foreign exchange fluctuations (net)	-	5.91	0.06
Rates and taxes	3.39	2.53	1.45
Software and server charges	-	-	5.16
Miscellaneous expenses	0.06	0.06	0.14
<b>Total</b>	<b>6.83</b>	<b>16.40</b>	<b>10.53</b>

\*Payment to Auditor (exclusive of goods and service tax)

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor:			
Audit fees (including fee for internal controls over financial reporting)	0.19	0.21	0.20

## 23 Income Tax

Income tax expenses in the statement of profit and loss consist of the following:

	(₹ in Million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Current tax	3.10	-	0.33
(b) Deferred tax charge / (credit)	-	-	-
	<b>3.10</b>	<b>-</b>	<b>0.33</b>

## 24 Earnings per share (EPS)

**Basic:** Basic EPS is calculated by dividing the profit/ loss for the period/year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period / 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 year / 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.

**Diluted:** Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Face value of equity shares (IDR per share)	14,000.00	14,000.00	14,000.00
Profit/ (loss) attributable to equity shareholders (₹ in million) (a)	17.79	(27.55)	(15.43)
Weighted average number of equity shares used for computing EPS (basic and diluted) (in million) (b)	0.80	0.80	0.80
<b>EPS- Basic and diluted (₹) (c=a/b)</b>	<b>22.24</b>	<b>(34.44)</b>	<b>(19.29)</b>

(This space has been intentionally left blank)

## 25 Significant accounting judgements, estimates and assumptions

The preparation of the Company's Ind AS Restated Summary 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non financial assets, fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits) and leases - estimating the incremental borrowing rate.

### (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 Restated Ind AS Summary Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 31 for further disclosures.

#### (b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

#### (c) 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 5.

#### (d) 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.

*(This space has been intentionally left blank)*



## 26 Share-based payments

### (A) Description of the share based payment arrangements

At a meeting of the members of Holding Company held on August 10, 2015, the shareholders of the Holding Company had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

### (B) Measurement of fair values

The fair value of the share options granted under the GESP is estimated at the grant date using Back-solve method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend yield (%)	-	-	-
Expected volatility (%)	-	-	-
Risk-free interest rate (% p.a.)	-	-	-
Expected life of option (years)	-	-	-
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	-	-	-
Weighted average share price as per Post DLOM & Post DLOC	-	-	-

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### (C) Movements during the year

The following table illustrates the number and WAEP of, and movements in, GESP plan during the period

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	Number of options	Number of options	Number of options
Options outstanding at the beginning of the year	-	-	-
Granted during the year	-	-	-
Forfeited / lapsed during the year	-	-	-
Exercised during the year	-	-	-
Expired during the year	-	-	-
<b>Options outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

### (D) Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

(₹ in Million)			
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 19)	-	-	-

- (E) The Holding Company had granted stock options to employees of PT Capillary Technologies Indonesia under ESOP plans as detailed in note 26(A) above. The Holding Company has an obligation to settle the transaction with the employees of PT Capillary Technologies Indonesia by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.

## 27 Lease

### I. Company as a lessee during the year

The Company has lease contracts for offices facilities. The lease term of the office facilities is generally 0-1 year. The Company also has certain leases of offices with lease terms of 12 months or less or low value. The Company applies the leases of low value assets and short term leases recognition exemptions for these leases.

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

The Company has used short term leases recognition exemption as per paragraph 5 of IND AS 116 for the year ended March 31, 2019, March 31, 2020, March 31, 2021 where the tenure of lease was 12 months or less.

## 28 Contingent liabilities

There were no contingencies and commitments as on the reporting year.

## 29 Related party disclosures

### a) Names of the related parties and description of relationship

Nature of Relationship	Name of the Party
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore, Holding Company
Fellow subsidiary	Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) Capillary Technologies Inc., USA Capillary Technologies (UK) Limited, United Kingdom Capillary Technologies DMCC, UAE Reasoning Global E-Applications Private Limited, India Capillary Technologies Shanghai Co. Ltd, China Capillary Technologies (Malaysia) Sdn Bhd
Key managerial personnel [KMP]	Mr. Anant Choubey, Director Mr. Syaiful Nurul Hidayat, Director Mr. Anesh Reddy Boddu, Director

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

(₹ in Million)			
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>1) Transactions during the period</b>			
<b>(i) Reimbursement of expenses incurred on behalf of the Company</b>			
Capillary Technologies International Pte. Ltd., Singapore	25.55	44.01	61.25

(₹ in Million)			
Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>2) Outstanding balances as at period end</b>			
<b>(i) Trade Payables</b>			
Capillary Technologies International Pte. Ltd., Singapore	76.65	55.19	66.05

### 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 period end are unsecured and settlement occurs in cash.

2. 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.

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

#### (a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

##### (i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's 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 Restated Ind AS Summary Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

##### (ii) Reportable segments:

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

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".

#### (b) Geographical information

(i) The geographical information considered for disclosure are - Indonesia and Overseas

	(₹ in Million)		
	Revenue from operations <sup>1</sup>		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Indonesia	76.51	85.20	65.47
Outside Indonesia	-	-	-
<b>Total</b>	<b>76.51</b>	<b>85.20</b>	<b>65.47</b>

	(₹ in Million)		
	Non-current Assets <sup>2</sup>		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Indonesia	0.02	0.04	0.12
Outside Indonesia	-	-	-
<b>Total</b>	<b>0.02</b>	<b>0.04</b>	<b>0.12</b>

1. Revenue by geographical area are based on the geographical location of the customers.

2. Non-current assets excludes financial instruments and tax assets.

(c) During the years ended March 31, 2021, 2020 and 2019 there was no revenue from outside Indonesia.

#### Information about major customers

Number of customers contributed 10% or more of the total company's revenue	4	4	6
Percentage of total revenue	53%	64%	92%

#### (d) Disaggregated revenue information

For disaggregation of revenue, refer Note 16.

### 31 Disclosures on Financial instruments

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

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.14.

#### (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. There are no non-current financial assets and liabilities. There are no financial instruments which are measured at fair value through statement of profit and loss or fair value through Other Comprehensive Income as at March 31, 2021, March 31, 2020 and March 31, 2019.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019

Particulars	(₹ in Million)		
	Carrying and Fair Value		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>			
(i) Trade receivables	7.84	20.94	14.34
(ii) Cash and cash equivalents	86.71	27.63	57.05
(iii) Loans	-	0.23	1.04
(iv) Other financial assets	1.16	0.66	1.51
<b>Total</b>	<b>95.71</b>	<b>49.46</b>	<b>73.94</b>
<b>Financial liabilities</b>			
(i) Trade payables	84.76	64.33	67.80
(ii) Other financial liabilities	0.81	0.05	1.20
<b>Total</b>	<b>85.57</b>	<b>64.38</b>	<b>69.00</b>

#### (b) Fair Value Hierarchy

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.

#### (c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise 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, equity prices, 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

##### (a) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investing and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

### 31 Disclosures on Financial instruments (contd.)

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount in IDR (in Million)	Amount in ₹ (in Million)	Amount in IDR (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>				
Trade receivables	1,549.71	7.84	4,263.90	20.94
<b>Financial liabilities</b>				
Trade payables	16,754.30	84.76	13,099.17	64.33

Particulars	As at March 31, 2019	
	Amount in IDR (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>		
Trade receivables	2,919.98	14.34
<b>Financial liabilities</b>		
Trade payables	13,805.74	67.80

#### 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	(₹ in Million)	
		Effect on profit or loss before tax	
		Strengthening	Weakening
<b>March 31, 2021</b>			
USD	5%	3.83	(3.83)
<b>March 31, 2020</b>			
USD	5%	2.76	(2.76)
<b>March 31, 2020</b>			
USD	5%	3.30	(3.30)

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2021, March 31, 2020 and March 31, 2019. The period end balances are not necessarily representative of the average debt outstanding during the period.

#### (ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ (March 31, 2021: ₹ 95.71 million, March 31, 2020: ₹ 49.46 million, March 31, 2019: ₹ 73.94 million), being the total carrying value of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Refer note 5 for movement in expected credit loss for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.

#### (d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company 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.

**31 Disclosures on Financial instruments (contd.)**

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.

<b>(₹ in Million)</b>				
<b>Particulars</b>	<b>0 - 1 years</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>March 31, 2021</b>				
Trade payables	84.45	0.31	-	84.76
Other financial liabilities	0.81	-	-	0.81
	<b>85.26</b>	<b>0.31</b>	<b>-</b>	<b>85.57</b>
<b>March 31, 2020</b>				
Trade payables	64.33	-	-	64.33
Other financial liabilities	0.05	-	-	0.05
	<b>64.38</b>	<b>-</b>	<b>-</b>	<b>64.38</b>
<b>March 31, 2019</b>				
Trade payables	67.80	-	-	67.80
Other financial liabilities	1.20	-	-	1.20
	<b>69.00</b>	<b>-</b>	<b>-</b>	<b>69.00</b>

*(This space has been intentionally left blank)*

**32 Capital Management**

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

Net Gearing Ratio: Since the company is not having any debt, gearing ratio has not been calculated

*(This space has been intentionally left blank)*

33 Ratio Analysis and its elements

Particulars	Numerator	Denominator	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	Variance (March 2021 vs March 2020)	Variance (March 2020 vs March 2019)	Reasons for variance of more than 25 %
Current ratio	Current assets	Current liabilities	0.79	0.55	0.84	44%	-35%	Variance on account of improvement in working capital of the Company
Debt equity ratio <sup>1</sup>	Debt	Total Equity	NA	NA	NA	NA	NA	

Particulars	Numerator	Denominator	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	Variance (March 2021 vs March 2020)	Variance (March 2020 vs March 2019)	Reasons for variance of more than 25 %
Debt service coverage ratio <sup>1</sup>	EBITDA	Debt (Borrowings)	NA	NA	NA	NA	NA	
Return on equity ratio	Profit for the period/year	Total Equity	(0.85)	0.67	1.08	-226%	-38%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Trade receivable turnover ratio	Revenue from operations	Trade Receivable	9.76	4.07	4.57	140%	-11%	Variance on account of reduction in revenue from operation vis-à-vis reduction in trade receivable
Trade payables turnover ratio	Revenue from operations	Trade Payables	0.90	1.32	0.97	-32%	37%	Variance on account of reduction in revenue from operation vis-à-vis change in trade payable
Net capital turnover ratio	Revenue from operations	Total Equity	(3.10)	(2.08)	(4.68)	49%	-55%	Variance on account of improvement in working capital
Net profit ratio	Profit for the period/year	Revenue from operations	0.27	(0.32)	(0.23)	-184%	40%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	(0.83)	0.68	1.09	-223%	-38%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Return on investment.	Interest (Finance income)	Other bank balances	NA	NA	NA	NA	NA	

**\*Reasons for variance of more than 25% in above ratios**

1. Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue were affected during the year ended March 31, 2021. Hence, the above ratios are not comparable.



**PT Capillary Technologies Indonesia**  
**Notes to the special purpose Ind AS financial statements**

**34** The spread of COVID-19 has severely impacted the business operations around the globe including Indonesia. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

**35 Events after the Reporting period**

Subsequent to the period ended March 31, 2021, Capillary Technologies International Pte Ltd, Singapore, has entered into a gift agreement dated November 30, 2021 with Capillary Pte Ltd and transferred 100 per cent of the issued share capital of the Company to Capillary Pte Ltd. on November 30, 2021.

**36** As at March 31, 2021, there are no standards that have been issued but are not yet effective, which will impact these Special Purpose Financial Statements.

**37** Previous years numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications. The management believes that such reclassifications of items are not material as they would, individually or collectively, not influence the economic decisions that users make on the basis of the Special Purpose Financial Statements.

**38** Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Special Purpose Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date  
For Adi Nuroni  
Chartered Accountants

For and on behalf of the Board of Directors of  
PT Capillary Technologies Indonesia

Adi Nuroni, SE., Ak  
Partner

Place: Jakarta, Indonesia

Anant Choubey  
Director

Place: Bengaluru, India

Syaiful Nurul Hidayat  
Director

Place: Jakarta, Indonesia

## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors of Capillary Technologies (Malaysia) Sdn. Bhd.  
(Registration No: 201701025567 (1239733-D))  
(Incorporated in Malaysia)

### **Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of Capillary Technologies (Malaysia) Sdn. Bhd. (the “Company”), which comprises the Balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020, March 31, 2019 and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the period ended June 30, 2021 and the year then ended March 31, 2021, March 31, 2020, March 31, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as “Special Purpose Ind AS Financial Statements”). These Special Purpose Ind AS Financial Statements have been prepared by the Management as per group accounting policies of Capillary Technologies India Limited (formerly known as ‘Capillary Technologies India Private Limited’) (‘ the Parent Company ’)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2 of the notes to the accompanying Special Purpose Ind AS Financial Statements.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements’ section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements in Malaysia and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Capillary Technologies (Malaysia) Sdn. Bhd.  
(Registration No: 201701025567 (1239733-D))  
(Incorporated in Malaysia)

### **Responsibility of Management and Those Charged with Governance for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2 of the Special Purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors of the Parent Company 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 Parent Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Capillary Technologies (Malaysia) Sdn. Bhd.  
(Registration No: 201701025567 (1239733-D))  
(Incorporated in Malaysia)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Capillary Technologies (Malaysia) Sdn. Bhd.  
(Registration No: 201701025567 (1239733-D))  
(Incorporated in Malaysia)

### **Other matters - restriction of use**

The accompanying Special Purpose Ind AS financial statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019 and inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus and for the use by the current statutory auditor of the Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') in connection with the Capillary Technologies India Limited's (formerly known as 'Capillary Technologies India Private Limited') proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For NK Associates  
Chartered Accountants  
Registration Number: AF1313

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**per Krishnan A/L Nachiappen**  
Partner

Place of Signature: Puchong, Selangor, Malaysia  
Date: December 06, 2021

**Capillary Technologies (Malaysia) Sdn. Bhd.**  
**Special Purpose Ind AS financial statements**  
**Balance Sheet**

		(₹ in Million)				
Notes		As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>I Assets</b>						
<b>(1) Non-current assets</b>						
(a) Property, plant and equipment	4	0.16	0.18	0.34	0.20	-
(b) Right-of-use assets	5	1.66	2.04	3.50	-	-
		<b>1.82</b>	<b>2.22</b>	<b>3.84</b>	<b>0.20</b>	<b>-</b>
<b>(2) Current assets</b>						
(a) Financial assets						
(i) Trade receivables	6	8.18	9.96	8.87	10.97	3.74
(ii) Cash and cash equivalents	7	8.06	15.82	6.36	18.64	8.23
(iii) Loans	8	-	-	0.02	0.13	-
(iv) Other financial assets	9	5.67	5.63	2.33	1.54	7.15
(b) Other current assets	10	0.99	0.29	0.20	4.14	-
		<b>22.90</b>	<b>31.70</b>	<b>17.78</b>	<b>35.42</b>	<b>19.12</b>
<b>Total assets (1+2)</b>		<b>24.72</b>	<b>33.92</b>	<b>21.62</b>	<b>35.62</b>	<b>19.12</b>
<b>II Equity and liabilities</b>						
<b>(1) Equity</b>						
(a) Equity share capital	11	8.33	8.33	8.33	8.33	8.33
(b) Other equity	12	(80.69)	(75.69)	(67.04)	(33.28)	(2.73)
<b>Total equity</b>		<b>(72.36)</b>	<b>(67.36)</b>	<b>(58.71)</b>	<b>(24.95)</b>	<b>5.60</b>
<b>(2) Non-current liabilities</b>						
(a) Financial liabilities						
Lease liabilities	5	0.21	0.56	2.10	-	-
		<b>0.21</b>	<b>0.56</b>	<b>2.10</b>	<b>-</b>	<b>-</b>
<b>(3) Current liabilities</b>						
(a) Financial liabilities						
(i) Lease liabilities	5	1.59	1.58	1.29	-	-
(ii) Trade payables						
Total outstanding dues of micro enterprises and small enterprises						
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	78.08	79.40	58.34	45.10	13.52
(iii) Other financial liabilities	14	4.17	6.53	7.52	7.44	-
(b) Other current liabilities	15	12.51	12.72	10.68	7.81	-
(c) Provisions	16	0.52	0.49	0.40	0.22	-
		<b>96.87</b>	<b>100.72</b>	<b>78.23</b>	<b>60.57</b>	<b>13.52</b>
<b>Total liabilities (2+3)</b>		<b>97.08</b>	<b>101.28</b>	<b>80.33</b>	<b>60.57</b>	<b>13.52</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>24.72</b>	<b>33.92</b>	<b>21.62</b>	<b>35.62</b>	<b>19.12</b>

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For NK Associates

Chartered Accountants

For and on behalf of the Board of Directors of

Capillary Technologies (Malaysia) Sdn. Bhd.

Krishnan A/L Nachiappen  
Partner

Place: Puchong, Selangor, Malaysia  
Date:

Aneesh Reddy Boddu  
Director

Place: Bengaluru, India  
Date:

Selva Kumari A/P Karupppiah  
Director

Place: Puchong, Selangor, Malaysia  
Date:

Capillary Technologies (Malaysia) Sdn. Bhd.  
Special Purpose Ind AS financial statements  
Statement of Profit and Loss

		(₹ in Million)			
	Notes	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Revenue</b>					
Revenue from operations	17	8.53	45.47	45.24	39.95
Other income	18	0.03	3.02	1.11	-
Finance income	19	0.01	0.02	0.02	-
<b>Total income</b>		<b>8.57</b>	<b>48.51</b>	<b>46.37</b>	<b>39.95</b>
<b>II Expenses</b>					
Cost of campaign services		1.39	9.77	5.36	-
Professional and consultancy services		3.84	16.04	37.58	50.58
Employee benefit expenses	20	10.01	27.93	24.43	7.88
Depreciation and amortization expenses	21	0.41	1.72	1.53	0.05
Finance costs	22	0.03	0.17	0.22	0.01
Other expenses	23	0.48	1.52	10.15	12.25
<b>Total expenses</b>		<b>16.16</b>	<b>57.15</b>	<b>79.27</b>	<b>70.77</b>
<b>III Profit / (loss) before tax (I - II)</b>		<b>(7.59)</b>	<b>(8.64)</b>	<b>(32.90)</b>	<b>(30.82)</b>
<b>IV Tax expenses</b>					
(a) Current tax		-	-	-	-
(b) Deferred tax charge/ (credit)		-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Profit / (loss) for the period / year (III - IV)</b>		<b>(7.59)</b>	<b>(8.64)</b>	<b>(32.90)</b>	<b>(30.82)</b>
<b>VI Other comprehensive income</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
(i) Foreign currency translation		(0.25)	(1.14)	(1.02)	0.27
(ii) Income tax effect on above		-	-	-	-
<b>Total other comprehensive income / (loss) for the period / year, net of tax</b>		<b>(0.25)</b>	<b>(1.14)</b>	<b>(1.02)</b>	<b>0.27</b>
<b>VII Total comprehensive income / (loss) for the period / year (net of tax) (V + VI)</b>		<b>(7.84)</b>	<b>(9.78)</b>	<b>(33.92)</b>	<b>(30.55)</b>
<b>VIII Earnings per equity share (nominal value of MYR 1 each)</b>	24				
Basic (INR)		(15.18)	(17.28)	(65.79)	(61.63)
Diluted (INR)		(15.18)	(17.28)	(65.79)	(61.63)

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For NK Associates

Chartered Accountants

For and on behalf of the Board of Directors of

Capillary Technologies (Malaysia) Sdn. Bhd.

Krishnan A/L Nachiappen  
Partner

Place: Puchong, Selangor, Malaysia

Date:

Anesh Reddy Boddu  
Director

Place: Bengaluru, India

Date:

Selva Kumari A/P Karupiah  
Director

Place: Puchong, Selangor, Malaysia

Date:

**Capillary Technologies (Malaysia) Sdn. Bhd.**  
**Special Purpose Ind AS financial statements**  
**Statement of Changes in Equity**

**A. Equity share capital**

Equity shares of MYR 1 each issued, subscribed and fully paid

Particulars	Number of shares	₹ in Million
<b>At April 01, 2018</b>	<b>500,100</b>	<b>8.33</b>
Add: Issued during the year	-	-
<b>At March 31, 2019</b>	<b>500,100</b>	<b>8.33</b>
Add: Issued during the year	-	-
<b>At March 31, 2020</b>	<b>500,100</b>	<b>8.33</b>
Add: Issued during the year	-	-
<b>At March 31, 2021</b>	<b>500,100</b>	<b>8.33</b>
Add: Issued during the period	-	-
<b>At June 30, 2021</b>	<b>500,100</b>	<b>8.33</b>

**B. Other Equity\***

(₹ in Million)

				(€ in Millions)
Attributable to the equity shareholders				Total other equity
Reserves and Surplus				
Particulars	Retained earnings	Capital contibution from parent	Other Components of equity	
			FCTR	
As at April 01, 2018	(2.73)	-	-	(2.73)
Profit for the period	(30.82)	-	-	(30.82)
Other comprehensive income or (loss) for the period	-	-	0.27	0.27
Capital contribution from parent	-	-	-	-
As at March 31, 2019	(33.55)	-	0.27	(33.28)
Profit for the period	(32.90)	-	-	(32.90)
Other comprehensive income or (loss) for the period	-	-	(1.02)	(1.02)
Capital contribution from parent	-	0.16	-	0.16
As at March 31, 2020	(66.45)	0.16	(0.75)	(67.04)
Profit for the period	(8.64)	-	-	(8.64)
Other comprehensive income or (loss) for the period	-	-	(1.14)	(1.14)
Capital contribution from parent	-	1.13	-	1.13
As at March 31, 2021	(75.09)	1.29	(1.89)	(75.69)
Profit for the period	(7.59)	-	-	(7.59)
Other comprehensive income or (loss) for the period	-	-	(0.25)	(0.25)
Capital contribution from parent	-	2.84	-	2.84
As at June 30, 2021	(82.68)	4.13	(2.14)	(80.69)

\*Also refer note 12

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For NK Associates  
Chartered Accountants

For and on behalf of the Board of Directors of  
Capillary Technologies (Malaysia) Sdn. Bhd.

Krishnan A/L Nachiappen  
Partner

Aneesh Reddy Boddu  
Director

Selva Kumari A/P Karuppiah  
Director

Place: Puchong, Selangor, Malaysia  
Date:

Place: Bengaluru, India  
Date:

Place: Puchong, Selangor, Malaysia  
Date:



Capillary Technologies (Malaysia) Sdn. Bhd.  
Special Purpose Ind AS financial statements  
Statement of Cash Flows

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from/ (used in) operating activities</b>				
Profit / (loss) before tax	(7.59)	(8.64)	(32.90)	(30.82)
Adjustments to reconcile (loss) / profit before tax to net cash flows				
Depreciation and amortisation expenses	0.41	1.72	1.53	0.05
Provision for doubtful trade receivables and advances (including bad debts written off)	-	-	0.61	0.49
Finance costs	-	0.01	0.01	0.01
Interest on Lease Liabilities	0.03	0.16	0.21	-
Employee stock option expenses	2.84	1.13	0.16	-
Net foreign exchange differences	0.06	(2.02)	3.04	1.06
Finance income	(0.01)	(0.02)	(0.02)	-
Provision/ liabilities no longer required, written back	-	(0.68)	(0.09)	-
Effect of changes in exchange rates	0.25	1.14	1.02	(0.27)
<b>Operating profit before working capital changes</b>	<b>(4.01)</b>	<b>(7.20)</b>	<b>(26.43)</b>	<b>(29.48)</b>
Working capital adjustments :				
(Increase) / decrease in trade receivables	1.78	(1.09)	1.49	(7.72)
Decrease / (increase) in current other financial and other assets	(0.74) -	3.37	3.26	1.34
Increase / (decrease) in trade payables	(1.32)	21.06	13.24	31.58
Increase / (decrease) in trade payables, current other financial, other liabilities and provisions	(3.10)	1.48	2.92	14.94
<b>Cash generated (used in) / from operations</b>	<b>(7.39)</b>	<b>10.88</b>	<b>(5.52)</b>	<b>10.66</b>
Net income tax paid (net)	-	-	-	-
<b>Net cash flow (used in) / from operating activities (A)</b>	<b>(7.39)</b>	<b>10.88</b>	<b>(5.52)</b>	<b>10.66</b>
<b>B. Cash flow from/ (used in) investing activities</b>				
Purchase of property, plant and equipment	-	-	(5.13)	(0.25)
<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>-</b>	<b>(5.13)</b>	<b>(0.25)</b>
<b>C. Cashflows from/ (used in) financing activities</b>				
Principal payment of lease liabilities	(0.37)	(1.41)	(1.62)	-
Finance costs paid	-	(0.01)	(0.01)	(0.01)
<b>Net (used in) / cash from financing activities (C)</b>	<b>(0.37)</b>	<b>(1.42)</b>	<b>(1.63)</b>	<b>(0.01)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(7.76)</b>	<b>9.46</b>	<b>(12.28)</b>	<b>10.40</b>
Cash and cash equivalents at the beginning of the period / year	15.82	6.36	18.64	8.24
<b>Cash and cash equivalents at the end of the period / year</b>	<b>8.06</b>	<b>15.82</b>	<b>6.36</b>	<b>18.64</b>

**Capillary Technologies (Malaysia) Sdn. Bhd.**  
**Special Purpose Ind AS financial statements**  
**Statement of Cash Flows**

**Explanatory notes to statements of cash flows**

-Changes in liabilities arising from financing activities:-

	(₹ in Million)
Particulars	Lease liabilities (including current portion of lease liabilities) (refer note 5)
<b>As at April 01, 2019</b>	<b>4.80</b>
<b>Cash flow changes</b>	
Recognition of lease liabilities (refer note 5)	(1.62)
<b>Non-cash changes</b>	
Accretion of interest on lease liabilities (refer note 5)	0.21
<b>As at March 31, 2020</b>	<b>3.39</b>
<b>Cash flow changes</b>	
Recognition of lease liabilities (refer note 5)	(1.41)
<b>Non-cash changes</b>	
Accretion of interest on lease liabilities (refer note 5)	0.16
<b>As at March 31, 2021</b>	<b>2.14</b>
<b>Cash flow changes</b>	
Recognition of lease liabilities (refer note 5)	(0.37)
<b>Non-cash changes</b>	
Accretion of interest on lease liabilities (refer note 5)	0.03
<b>As at June 30, 2021</b>	<b>1.80</b>

**Note:**

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Summary of significant accounting policies (Refer note 3)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For NK Associates  
Chartered Accountants

For and on behalf of the Board of Directors of  
Capillary Technologies (Malaysia) Sdn. Bhd.

Krishnan A/L Nachiappen  
Partner

Place: Puchong, Selangor, Malaysia  
Date:

Aneesh Reddy Boddu  
Director

Place: Bengaluru, India  
Date:

Selva Kumari A/P Karupiah  
Director

Place: Puchong, Selangor, Malaysia  
Date:

# Capillary Technologies (Malaysia) Sdn Bhd

## Notes to the Special Purpose Ind AS Financial Statements

### 1. Corporate information

The financial statements comprise financial statements of Capillary Technologies (Malaysia) Sdn. Bhd. for the period ended June 30, 2021 and year ended March 31, 2021; March 31, 2020; March 31, 2019.

The Company is a private limited company incorporated and domiciled in Malaysia. The registered office of the Company is located at Unit D-3A-4, Level 4, Block D, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan. The principal place of business is located at 31-16, 31st Floor, Q Sentral, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The company is principally engaged in the business of software and data analytical services.

### 2 Basis of preparation

The special purpose financial statements of the company have been prepared in accordance with the group accounting policies as adopted in the Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited' India (formerly known as 'Capillary Technologies India Private Limited') and presentation requirements of Division II of Schedule III to the India Companies Act, 2013, (Ind AS compliant Schedule III), with effect from April 01, 2021. In addition, the Company has complied with the accounting policies and presentation requirements of Division II of Schedule III to the Companies Act, 2013 for all the historical financial years, to make the accounting policies and the presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

- a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP', in connection with the proposed initial public offering of equity shares of face value of ₹ 2 each of Capillary Technologies India Limited.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of ₹ 2 each of Capillary Technologies India Limited.

The financial statements have been prepared on an accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these Special Purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

### 3 Summary of significant accounting policies

#### Current versus non-current classification

##### a. Current versus non-current classification

The Company presents assets and liabilities in the Financial Statements on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

## Capillary Technologies (Malaysia) Sdn Bhd

### Notes to the Special Purpose Ind AS Financial Statements

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 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 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
- ▶ Investment in unquoted equity shares
- ▶ Financial instruments (including those carried at amortised cost)

#### c. Revenue recognition

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

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 17.

#### Income from services

##### i) Retainer services

The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

##### ii) Campaign services

## Capillary Technologies (Malaysia) Sdn Bhd

### Notes to the Special Purpose Ind AS Financial Statements

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. Billing in excess of revenue pertains to amount billed to customer for services to be rendered in future periods and has been disclosed as contract liabilities.

#### iii) Installation services

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

#### Other income

##### i) Interest Income

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

##### ii) Dividend Income

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

#### Contract balances

##### Contract assets

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

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

##### Trade receivables

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

##### Capitalised contract costs

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

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

#### **Contract liabilities**

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

#### **d. Taxes on income**

##### **Current income tax**

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

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

##### **Deferred Tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet 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 reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

#### **e. Property, plant and equipment**

As at proforma date of transition to Ind AS i.e. April 01, 2018, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

**Capillary Technologies (Malaysia) Sdn Bhd**  
**Notes to the Special Purpose Ind AS Financial Statements**

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as follows:

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

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

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

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

#### **f. Leases**

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.

##### **i) 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 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, as follows:

- Office space 2 to 4 years

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 in section (g) Impairment of non-financial assets.

##### **ii) 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.

##### **ii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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-

**Capillary Technologies (Malaysia) Sdn Bhd**  
**Notes to the Special Purpose Ind AS Financial Statements**

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.

**g. Impairment of non-financial assets**

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to 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. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

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

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

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

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

When an impairment loss subsequently 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 statement of profit and loss

**h. Provisions and contingent liabilities**

**General**

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

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

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

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



## Capillary Technologies (Malaysia) Sdn Bhd

### Notes to the Special Purpose Ind AS Financial Statements

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 Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

#### **i. Retirement and other employee benefits**

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

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

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:

- a) The date of the plan amendment or curtailment, and
- b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b) Net interest expense or income.

#### **j. Financial instruments**

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

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

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

### **Effective interest method**

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

#### **(i) Financial assets**

##### **Financial assets at amortised cost**

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

##### **Financial assets measured at fair value**

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

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

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

##### **Impairment of financial assets excluding investments in subsidiaries and associates**

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

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

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 approximate fair value due to the short maturity of these instruments.

##### **De-recognition of financial assets**

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

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

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

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

#### **(ii) Financial liabilities and equity instruments**

##### **Classification as debt or equity**

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

##### **Equity Instruments**

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

##### **Financial Liabilities**

## Capillary Technologies (Malaysia) Sdn Bhd

### Notes to the Special Purpose Ind AS Financial Statements

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

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

#### b) De-recognition

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

#### **Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

#### **k. 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 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".

#### **l. Cash and cash equivalents**

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

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

#### **m. Share-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Refer note 27 for further details.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

**Capillary Technologies (Malaysia) Sdn Bhd**  
**Notes to the Special Purpose Ind AS Financial Statements**

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

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

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

**n. Dividend**

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**o. Foreign currencies**

The Company's financial statements are presented in INR, which is also the parent company's functional currency. The Company's functional currency is Malaysian Ringgit (MYR) and items included in the financial statements are measured using that functional currency.

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

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

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

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

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

**p. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) 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 dilutive potential equity shares.

*(This space has been intentionally left blank)*

(₹ in Million)

4 Property, plant and equipment

Particulars	Computers	Furniture and Fixtures	Office Equipments	Total
<b>Cost</b>				
As at April 01, 2018	-	-	-	-
Additions	0.25	-	-	0.25
Disposals / adjustments	-	-	-	-
Exchange differences	-	-	-	-
<b>As at March 31, 2019</b>	<b>0.25</b>	<b>-</b>	<b>-</b>	<b>0.25</b>
Additions	0.14	0.16	0.03	0.33
Disposals / adjustments	-	-	-	-
Exchange differences	0.00	-	-	0.00
<b>As at March 31, 2020</b>	<b>0.39</b>	<b>0.16</b>	<b>0.03</b>	<b>0.58</b>
Additions	-	-	-	-
Disposals / adjustments	-	-	-	-
Exchange differences	0.01	-	0.00	0.01
<b>As at March 31, 2021</b>	<b>0.40</b>	<b>0.16</b>	<b>0.03</b>	<b>0.59</b>
Additions	-	-	-	-
Disposals / adjustments	-	-	-	-
Exchange differences	0.00	-	0.00	0.00
<b>As at June 30, 2021</b>	<b>0.40</b>	<b>0.16</b>	<b>0.03</b>	<b>0.59</b>
<b>Accumulated depreciation</b>				
As at April 01, 2018	-	-	-	-
Additions	0.05	-	-	0.05
Disposals / adjustments	-	-	-	-
Exchange differences	-	-	-	-
<b>As at March 31, 2019</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>0.05</b>
Charge during the year	0.14	0.04	0.01	0.19
Disposals / adjustments	-	-	-	-
Exchange differences	0.00	-	-	0.00
<b>As at March 31, 2020</b>	<b>0.19</b>	<b>0.04</b>	<b>0.01</b>	<b>0.24</b>
Charge during the year	0.13	0.03	0.01	0.17
Disposals / adjustments	-	-	-	-
Exchange differences	0.00	0.00	0.00	0.00
<b>As at March 31, 2021</b>	<b>0.32</b>	<b>0.07</b>	<b>0.02</b>	<b>0.41</b>
Charge during the year	0.01	0.01	0.00	0.02
Disposals / adjustments	-	-	-	-
Exchange differences	0.01	0.00	0.00	0.01
<b>As at June 30, 2021</b>	<b>0.34</b>	<b>0.08</b>	<b>0.02</b>	<b>0.44</b>

Net book value

At April 01, 2018	-	-	-	-
At March 31, 2019	0.20	-	-	0.20
At March 31, 2020	0.20	0.12	0.02	0.34
At March 31, 2021	0.08	0.09	0.01	0.18
At June 30, 2021	0.06	0.08	0.01	0.16

On transition to Ind AS (i.e., April 01, 2018), the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of respective items of property, plant and equipment. For these property, plant and equipment, the Company has taken deemed cost exemption as of Ind AS transition date of April 01, 2018 for special purpose Ind AS financial statements for the year ended March 31, 2020 and March 31, 2019.

## 5 Leases

### I. Company as a lessee during the period / year

The Company has lease contracts for offices facilities. The lease term of the office facilities is generally 1-2 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).

As per appendix C10 (c) of IND AS 116, the company may elect not to apply the requirements in lease standard to leases for which the lease term ends within 12 months of the date of initial application. In this case, a lessee shall:

- (i) account for those leases in the same way as short-term leases as described in paragraph 6; and
- (ii) include the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

The Company has used this exemption for the year ended March 31, 2019 where the tenure of lease term was 12 months or less from the date of transition which is April 01, 2018.

The carrying amounts of right-of-use assets recognised and the movements during the period/year is as follows:

	(₹ in Million)	
	Office space	Total
<b>Opening balance</b>		
<b>As at April 01, 2019</b>	-	-
Additions	4.88	4.88
Disposals	-	-
Exchange differences	-	-
<b>As at March 31, 2020</b>	<b>4.88</b>	<b>4.88</b>
Additions	-	-
Disposals	-	-
Exchange differences	0.10	0.10
<b>As at March 31, 2021</b>	<b>4.98</b>	<b>4.98</b>
Additions	-	-
Disposals	-	-
Exchange differences	0.02	0.02
<b>As at June 30, 2021</b>	<b>5.00</b>	<b>5.00</b>
<b>Accumulated depreciation</b>		
<b>As at April 01, 2019</b>	-	-
Depreciation expenses	1.35	1.35
Disposals / adjustments	-	-
Exchange differences	0.03	0.03
<b>As at March 31, 2020</b>	<b>1.38</b>	<b>1.38</b>
Depreciation expenses	1.54	1.54
Disposals / adjustments	-	-
Exchange differences	0.02	0.02
<b>As at March 31, 2021</b>	<b>2.94</b>	<b>7.82</b>
Depreciation expenses	0.39	0.39
Disposals / adjustments	-	-
Exchange differences	0.01	0.01
<b>As at June 30, 2021</b>	<b>3.34</b>	<b>3.34</b>

*Net carrying value:*

	(₹ in Million)	
	Office space	Total
At March 31, 2019	-	-
At March 31, 2020	3.50	3.50
At March 31, 2021	2.04	2.04
At June 30, 2021	1.66	1.66

The carrying amounts of lease liabilities assets recognised and the movements during the period / year is as follows:

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Opening balance</b>	2.14	3.39	-	-
Additions	-	-	4.80	-
Accretion of Interest	0.03	0.16	0.21	-
Payments	(0.37)	(1.41)	(1.62)	-
<b>Closing balance</b>	<b>1.80</b>	<b>2.14</b>	<b>3.39</b>	-
<b>The same is shown under:</b>				
Current	1.59	1.58	1.29	-
Non-Current	0.21	0.56	2.10	-

The maturity analysis of lease liabilities are disclosed in note 31.

The effective interest rate for lease liabilities is 6% (March 31, 2021: 6% and March 31, 2020: 6%.)

The following amounts are recognised in the statement of profit and loss

	(₹ in Million)			
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation expense of right-of-use assets	0.39	1.54	1.35	-
Interest expense on operating lease liabilities	0.03	0.16	0.21	-
Expense relating to leases of low-value assets/short term leases (included in other expenses)	-	-	0.09	1.04
<b>Total amount recognised in the Statement of Profit and Loss</b>	<b>0.42</b>	<b>1.70</b>	<b>1.65</b>	<b>1.04</b>

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6 Trade receivables

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Trade receivables - Others <sup>2</sup>	8.18	9.96	8.87	10.97	3.74
Receivable from related parties <sup>1,2</sup>	-	-	-	-	-
<b>Total trade receivables</b>	<b>8.18</b>	<b>9.96</b>	<b>8.87</b>	<b>10.97</b>	<b>3.74</b>
<b>(A) Break-up for security details:</b>					
Trade receivables - Unsecured, considered good <sup>3</sup>	8.18	9.96	8.87	10.97	3.74
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	-	0.62	0.48	-
	8.18	9.96	9.49	11.45	3.74
<b>(B) Impairment allowance (allowance for bad and doubtful debts)</b>					
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	-	(0.62)	(0.48)	-
	-	-	(0.62)	(0.48)	-
<b>Total (A+B)</b>	<b>8.18</b>	<b>9.96</b>	<b>8.87</b>	<b>10.97</b>	<b>3.74</b>

Notes:

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 28.
2. Trade receivables are non-interest bearing and are generally upto 90 days.
3. Movement in expected credit loss allowance under simplified approach are provided in the table below:

Expected credit loss allowance

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
At the beginning of the period / year	-	0.62	0.48	-	-
Provision made during the period / year	-	-	0.62	0.48	-
(Utilized) / (reversed) during the period / year	-	(0.62)	(0.48)	-	-
At the end of the period / year	-	-	0.62	0.48	-

7 Cash and cash equivalents

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Balances with banks</b>					
On current accounts	8.06	15.82	6.36	18.64	8.23
<b>Total</b>	<b>8.06</b>	<b>15.82</b>	<b>6.36</b>	<b>18.64</b>	<b>8.23</b>

8 Loans

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Loans (Unsecured considered good unless otherwise stated)</b>					
Loan to employees <sup>1</sup>	-	-	0.02	0.13	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>0.13</b>	<b>-</b>

Notes:

1. Loans to employees are unsecured, interest free, repayable on instalments which is generally 6 months and to be settled in cash.



6.1 Trade receivables ageing schedule - Based on the requirements of Amended Schedule III

As at June 30, 2021 (₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	7.20	0.98	-	-	-	-	8.18
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>7.20</b>	<b>0.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.18</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>7.20</b>	<b>0.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.18</b>

As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	6.75	3.21	-	-	-	-	9.96
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>6.75</b>	<b>3.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.96</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>6.75</b>	<b>3.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.96</b>

As at March 31, 2020

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	6.36	2.51	-	-	-	-	8.87
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	0.62	-	-	-	-	0.62
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>6.36</b>	<b>3.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.49</b>
Less: credit impaired	-	-	0.62	-	-	-	(0.62)
<b>Total</b>	<b>6.36</b>	<b>2.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.87</b>

As at March 31, 2019

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 -2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	6.11	3.41	1.45	-	-	-	10.97
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	0.48	-	-	-	-	0.48
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>6.11</b>	<b>3.89</b>	<b>1.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.45</b>
Less: credit impaired	-	(0.48)	-	-	-	-	(0.48)
<b>Total</b>	<b>6.11</b>	<b>3.41</b>	<b>1.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.97</b>

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**Capillary Technologies (Malaysia) Sdn. Bhd.**  
**Notes to the special purpose Ind AS financial statements**

**9 Other financial assets**

**Financial instruments at amortised cost**

(₹ in Million)

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Current</b>					
Unbilled revenue	0.73	0.72	0.73	1.12	7.15
Other receivables from related parties (refer note 28)	3.41	3.39	-	-	-
Security deposits	1.53	1.52	1.60	0.42	-
<b>Total</b>	<b>5.67</b>	<b>5.63</b>	<b>2.33</b>	<b>1.54</b>	<b>7.15</b>

**Notes:**

**Unbilled revenue ageing schedule - Based on the requirements of Schedule III**

(₹ in Million)

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	-
<b>Undisputed - considered good</b>					
Current but not due	0.73	0.72	0.73	1.12	7.15

**10 Other assets**

(₹ in Million)

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Non-current</b>					
<b>Others (Unsecured, considered good)</b>					
Capitalised contract costs*	-	-	-	-	-
	-	-	-	-	-
<b>Current</b>					
<b>Advances other than capital advances</b>					
Unsecured, considered good	0.24	0.07	0.04	-	-
<b>Others (Unsecured, considered good)</b>					
Prepaid expenses	0.75	0.22	0.16	-	-
Capitalised contract costs*	-	-	-	4.14	-
<b>Total</b>	<b>0.99</b>	<b>0.29</b>	<b>0.20</b>	<b>4.14</b>	<b>-</b>

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

**Capitalised contract costs**

(₹ in Million)

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>At the beginning of the period / year</b>	-	-	4.14	-	-
Additions during the period / year	-	1.98	0.21	5.75	-
Amortised during the period / year	-	(0.46)	(4.35)	(1.61)	-
Other adjustment	-	(1.52)	-	-	-
<b>At the end of the period / year</b>	-	-	-	<b>4.14</b>	-
<b>The same is shown under:</b>					
Current	-	-	-	4.14	-
Non-current	-	-	-	-	-

11 Equity share capital

	(₹ in Million)	
	Number of shares	Amount
<b>Authorised share Capital</b>		
As at April 01, 2018	500,100	8.33
Increase/ decrease during the year	-	-
As at March 31, 2019	500,100	8.33
Increase/ decrease during the year	-	-
As at March 31, 2020	500,100	8.33
Increase/ decrease during the year	-	-
As at March 31, 2021	500,100	8.33
Increase/ decrease during the three months period	-	-
As at June 30, 2021	500,100	8.33

(a) Issued equity capital

	(₹ in Million)	
	Number of shares	Amount
<b>Equity shares of MYR 1 each issued, subscribed and fully paid</b>		
As at April 01, 2018	500,100	8.33
Changes during the year	-	-
As at March 31, 2019	500,100	8.33
Changes during the year	-	-
As at March 31, 2020	500,100	8.33
Changes during the year	-	-
As at March 31, 2021	500,100	8.33
Changes during the three months period	-	-
As at June 30, 2021	500,100	8.33

(b) Shares held by the Holding Company and / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by its Holding Company and their subsidiaries / associates are as below:

	(₹ in Million)			
<u>Name of the shareholder</u>	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	8.33	8.33	8.33	8.33

(c) Details of shareholders holding more than 5 percent shares:

	June 30, 2021		March 31, 2021	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	500,100	100.00%	500,100	100.00%
	March 31, 2020		March 31, 2019	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Capillary Technologies International Pte Ltd, Singapore, the Holding Company	500,100	100.00%	500,100	100.00%

(d) There are no shares held by the promoters of the Company, hence no disclosure has been given in the Ind AS Summary Statements in this regard.

**Capillary Technologies (Malaysia) Sdn. Bhd.**  
**Notes to the special purpose Ind AS financial statements**

**12 Other Equity**

	(₹ in Million)
(A) <u>Retained Earnings</u> <sup>1</sup>	Amount
Balance as at April 01, 2018	(2.73)
Profit/ (loss) for the year	(30.82)
Balance as at March 31, 2019	(33.55)
Profit/ (loss) for the year	(32.90)
Balance as at March 31, 2020	(66.45)
Profit/ (loss) for the year	(8.64)
Balance as at March 31, 2021	(75.09)
Profit/ (loss) for the three months period	(7.59)
Balance as at June 30, 2021	(82.68)
 (B) <u>Foreign currency translation reserve (FCTR)</u> <sup>2</sup>	
Balance as at April 01, 2018	-
Other comprehensive income or (loss) for the year	0.27
Balance as at March 31, 2019	0.27
Other comprehensive income or (loss) for the year	(1.02)
Balance as at March 31, 2020	(0.75)
Other comprehensive income or (loss) for the year	(1.14)
Balance as at March 31, 2021	(1.89)
Other comprehensive income or (loss) for the three months period	(0.25)
Balance as at June 30, 2021	(2.14)
 (C) <u>Capital contribution from holding company</u> <sup>3</sup>	
At April 01, 2018	-
Changes during the year	-
At March 31, 2019	-
Changes during the year	0.16
At March 31, 2020	0.16
Changes during the year	1.13
At March 31, 2021	1.29
Changes during the three months period	2.84
At June 30, 2021	4.13

**(1) Retained Earnings**

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

**(2) Foreign currency translation reserve (FCTR)**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**(3) Capital contribution from parent**

The Ultimate Holding Company has a share option scheme under which it grants employee stock options to certain employees of the Company without any cross charge. Capital contribution from ultimate holding company is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration by the ultimate holding company. Refer Note 27 for further details of these.

13 Trade Payables

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>At amortised cost</b>					
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	78.08	79.40	58.34	45.10	13.52
<b>Total</b>	<b>78.08</b>	<b>79.40</b>	<b>58.34</b>	<b>45.10</b>	<b>13.52</b>
<b>The above amount includes:</b>					
Trade payables to related parties (refer note 28)	74.98	70.90	56.46	41.81	13.46
Trade payables to others	3.10	8.50	1.88	3.29	0.06
<b>Total</b>	<b>78.08</b>	<b>79.40</b>	<b>58.34</b>	<b>45.10</b>	<b>13.52</b>

1. Trade payables are non-interest bearing and are normally settled up to 90 days.

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

	(₹ in Million)				
<b>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period/ year:</b>	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
i) The principal amount remaining unpaid	-	-	-	-	-
ii) Interest due thereon remaining unpaid	-	-	-	-	-
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-	-	-
iv) 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.	-	-	-	-	-
v) The amount of interest accrued during the year and remaining unpaid.	-	-	-	-	-
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-	-	-	-

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13.1 Trade Payables Ageing Schedule

As at June 30, 2021

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	78.08	-	-	-	78.08
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>78.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78.08</b>

As at March 31, 2021

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	79.40	-	-	-	79.40
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>79.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79.40</b>

As at March 31, 2020

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	58.34	-	-	-	58.34
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>58.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58.34</b>

As at March 31, 2019

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.10	-	-	-	45.10
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>45.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.10</b>

- There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule

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**Capillary Technologies (Malaysia) Sdn. Bhd.**  
**Notes to the special purpose Ind AS financial statements**

**14 Other financial liabilities**

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>At amortised cost</b>					
Accrued salaries and benefits	4.17	6.53	7.52	7.44	-
<b>Total</b>	<b>4.17</b>	<b>6.53</b>	<b>7.52</b>	<b>7.44</b>	<b>-</b>

**15 Other liabilities**

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Current</b>					
Statutory dues payable	0.98	1.77	1.30	1.14	-
Deferred revenue	11.53	10.95	9.38	6.67	-
<b>Total</b>	<b>12.51</b>	<b>12.72</b>	<b>10.68</b>	<b>7.81</b>	<b>-</b>

**16 Provisions**

	(₹ in Million)				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>Current</b>					
<b>Provision for employee benefits:</b>					
Provision for compensated absences	0.52	0.49	0.40	0.22	-
<b>Total</b>	<b>0.52</b>	<b>0.49</b>	<b>0.40</b>	<b>0.22</b>	<b>-</b>

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17 Revenue from operations

Type of service

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sale of services</b>				
Retainership and other income from external customers	7.38	31.34	27.55	26.73
Installation income from external customers	0.31	2.07	9.85	8.40
Income from campaign service	0.84	12.06	7.84	4.82
<b>Total revenue from operations</b>	<b>8.53</b>	<b>45.47</b>	<b>45.24</b>	<b>39.95</b>
Malaysia	7.40	43.67	43.10	38.56
Outside Malaysia	1.13	1.80	2.14	1.39
<b>Total revenue from operations</b>	<b>8.53</b>	<b>45.47</b>	<b>45.24</b>	<b>39.95</b>

a) Timing of revenue from operation

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Services transferred at a point in time	0.84	12.06	7.84	4.82
Services transferred over time	7.69	33.41	37.40	35.13
	<b>8.53</b>	<b>45.47</b>	<b>45.24</b>	<b>39.95</b>

b) Contract balances

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Trade Receivables (refer note 6)</b>				
- Current (Gross)	8.18	9.96	9.49	11.45
- Impairment allowance	-	-	(0.62)	(0.48)
<b>Contract assets:</b>				
<b>Unbilled revenue (refer note 9)</b>				
- Current	0.73	0.72	0.73	1.12
<b>Contract liabilities* (refer note 15)</b>				
- Deferred revenue (current)	11.53	10.95	9.38	6.67

\*A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract

18 Other income

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Gain on account of foreign exchange fluctuations (net)	-	2.02	-	-
Provisions/ liabilities no longer required, written back	-	0.68	0.09	-
Other non-operating income	0.03	0.32	1.02	-
<b>Total</b>	<b>0.03</b>	<b>3.02</b>	<b>1.11</b>	<b>-</b>

19 Finance income

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on other financial assets	0.01	0.02	0.02	-
<b>Total</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>	<b>-</b>



**20 Employee benefit expenses**

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	6.36	23.02	17.67	4.96
Contribution to provident and other funds	0.58	1.89	1.22	0.48
Sales commission expenses	-	0.46	4.35	1.61
Staff welfare expenses	0.23	1.02	0.64	0.28
Staff training and recruitment expenses	-	0.41	0.39	0.55
Employee stock option expenses	2.84	1.13	0.16	-
<b>Total</b>	<b>10.01</b>	<b>27.93</b>	<b>24.43</b>	<b>7.88</b>

**21 Depreciation expense**

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	0.02	0.18	0.18	0.05
Depreciation of right-of-use assets	0.39	1.54	1.35	-
<b>Total</b>	<b>0.41</b>	<b>1.72</b>	<b>1.53</b>	<b>0.05</b>

**22 Finance costs**

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on lease liabilities	0.03	0.16	0.21	-
Bank charges	-	0.01	0.01	0.01
<b>Total</b>	<b>0.03</b>	<b>0.17</b>	<b>0.22</b>	<b>0.01</b>

**23 Other expenses**

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	0.06	0.45	5.00	5.71
Rent	-	-	0.09	1.04
Communication costs	0.13	0.46	0.83	0.45
Payment to auditor*	0.18	0.12	0.09	0.09
Power and fuel	-	0.04	0.10	0.06
Provision for doubtful trade receivables and advances (including bad debts written off)	-	-	0.61	0.49
Selling and marketing expenses	-	0.29	0.06	0.13
Repairs and maintenance - others	0.04	0.16	0.26	0.01
Loss on account of foreign exchange fluctuations (net)	0.06	-	3.04	1.06
Rates and taxes	-	-	0.03	0.18
Software and server charges	0.01	-	-	2.98
Miscellaneous expenses	-	-	0.04	0.05
<b>Total</b>	<b>0.48</b>	<b>1.52</b>	<b>10.15</b>	<b>12.25</b>

**\*Payment to Auditor (exclusive of taxes)**

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>As auditor:</b>				
Audit fees	0.18	0.12	0.09	0.09
<b>Total</b>	<b>0.18</b>	<b>0.12</b>	<b>0.09</b>	<b>0.09</b>

## 24 Earnings per share (EPS)

**Basic:** Basic EPS is calculated by dividing the profit/ loss for the period/year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period / 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 year / 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.

**Diluted:** Diluted EPS is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Face value of equity shares (MYR per share)	1.00	1.00	1.00	1.00
Profit/ (loss) attributable to equity shareholders	(7.59)	- 8.64	(32.90)	(30.82)
Weighted average number of equity shares used for computing EPS (basic and diluted) (in millions)	0.50	0.50	0.50	0.50
EPS- Basic and diluted (₹)	(15.18)	- 17.28	(65.79)	(61.63)

Earnings per share for the three months period ended June 30, 2021 are not annualised

## 25 Contingent liabilities

There were no contingencies and commitments as on the reporting period/year

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## **26 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's Ind AS Restated Summary 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non financial assets, fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits) and leases - estimating the incremental borrowing rate.

### ***(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 Restated Ind AS Summary Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **(a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 31 for further disclosures.

### **(b) Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

### **(c) 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 6.

### **(d) 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.

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## 27 Share-based payments

### A Description of the share based payment arrangements

At a meeting of the members of Ultimate Holding Company held on August 10, 2015, the shareholders of the Ultimate Holding Company had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

### B Measurement of fair values

The fair value of the share options granted under the GESP is estimated at the grant date using Back-solve method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the period ended June 30, 2021 and years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend yield (%)	0%	0%	0%	-
Expected volatility (%)	31.67% - 86.38%	31.76% - 86.38%	37.86% - 86.38%	-
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%	1.54% - 2.28%	-
Expected life of option (years)	2 - 7	5 - 7	5 - 7	-
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	USD 1.81 - 3.90	USD 1.81 - 3.90	-
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	USD 1.23 - 5.45	USD 1.23 - 2.92	-

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### C Movements during the year

The following table illustrates the number and WAEP of, and movements in, GESP plan during the period

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	Number of options	Number of options	Number of options	Number of options
Options outstanding at the beginning of the period / year	5,059	3,047	-	-
Granted during the period / year	47,671	2,012	3,047	-
Forfeited / lapsed during the period / year	-	-	-	-
Exercised during the period / year	-	-	-	-
Expired during the period / year	-	-	-	-
<b>Options outstanding at the end of the period / year</b>	<b>52,730</b>	<b>5,059</b>	<b>3,047</b>	<b>-</b>

The options outstanding as at June 30, 2021 had an exercise price of Nil (March 31, 2021 Nil, March 31, 2020: Nil) and weighted average remaining contractual life of 9.68 years (March 31, 2021: 9.19 years and March 31, 2020: 9.65 years).

The weighted average fair value of options granted during the period ended June 30, 2021 was USD 5.45 (March 31, 2021: USD 5.45 and March 31, 2020: USD 2.36).

### D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

	(₹ in Million)			
Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 20)	2.84	1.13	0.16	-

The Holding Company had granted stock options to employees of Capillary Technologies (Malaysia) Sdn. Bhd. under ESOP plans as detailed in note 27(A) above. The Holding Company has an obligation to settle the transaction with the employees of Capillary Technologies (Malaysia) Sdn. Bhd. by providing it's own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.

## 28 Related party disclosures

### a) Names of the related parties and description of relationship

Nature of Relationship	Name of the Party
Related party where control exists	Capillary Technologies International Pte. Ltd., Singapore, Holding Company
Fellow subsidiaries	Capillary Technologies India Limited (formerly known as Capillary Technologies India Private Limited) Capillary Technologies Inc., USA Capillary Technologies (UK) Limited, United Kingdom Capillary Technologies DMCC, UAE Reasoning Global E-Applications Private Limited, India Capillary Technologies Shanghai Co. Ltd, China PT Capillary Technologies Indonesia
Key managerial personnel [KMP]	Mr. Anant Choubey, Director Ms. Selva Kumari A/P Karuppiyah, Director Mr. Aneesh Reddy Boddu, Director

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

Particulars	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>1) Transactions during the period</b>				
<b>(i) Reimbursement of expenses incurred on behalf of the company</b>				
Capillary Technologies International Pte. Ltd., Singapore	3.75	15.18	26.12	33.06
<b>(ii) Payments collected by the holding company on behalf of the company</b>				
Capillary Technologies International Pte. Ltd., Singapore	-	3.41	-	-

Particulars	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>2) Outstanding balances as at period/year end</b>				
<b>(i) Trade Payables</b>				
Capillary Technologies International Pte. Ltd., Singapore	74.98	70.90	56.46	41.81
<b>(ii) Other receivables from related parties</b>				
Capillary Technologies International Pte. Ltd., Singapore	3.41	3.39	-	-

#### 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 period end are unsecured and settlement occurs in cash.

## 29 Contingent liabilities

There were no contingencies and commitments as on the reporting period/year

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

#### (a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

##### (i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's 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 Restated Ind AS Summary Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

##### (ii) Reportable segments:

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

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".

#### (b) Geographical information

(₹ in Million)

Particulars	Revenue from operations <sup>1</sup>			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Malaysia	7.40	43.67	43.10	38.56
Overseas	1.13	1.80	2.14	1.39
<b>Total</b>	<b>8.53</b>	<b>45.47</b>	<b>45.24</b>	<b>39.95</b>

The following table shows the carrying amount of segment assets by geographical area to which these areas are attributable :

(₹ in Million)

Particulars	Non-current Assets <sup>2</sup>			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Malaysia	1.82	2.22	3.84	0.20
Overseas	-	-	-	-
<b>Total</b>	<b>1.82</b>	<b>2.22</b>	<b>3.84</b>	<b>0.20</b>

1. Revenue by geographical area are based on the geographical location of the customers.

2. Non-current assets excludes financial instruments and tax assets.

#### (c) Information about major customers

Number of customers contributed 10% or more of the total company's revenue	6	3	4	2
Percentage of total revenue	85%	51%	56%	52%

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### 31 Disclosures on Financial instruments

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

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.14.

#### (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. There are no non-current financial assets and liabilities. There are no financial instruments which are measured at fair value through statement of profit and loss or fair value through Other Comprehensive Income as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019

Particulars	Carrying and Fair Value (₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>				
(i) Trade receivables	8.18	9.96	8.87	10.97
(ii) Cash and cash equivalents	8.06	15.82	6.36	18.64
(iii) Loans	-	-	0.02	0.13
(iv) Other financial assets	5.67	5.63	2.33	1.54
<b>Total</b>	<b>21.91</b>	<b>31.41</b>	<b>17.58</b>	<b>31.28</b>
<b>Financial liabilities</b>				
(i) Leases	1.80	2.14	3.39	-
(ii) Trade payables	78.08	79.40	58.34	45.10
(iii) Other financial liabilities	4.17	6.53	7.52	7.44
<b>Total</b>	<b>84.05</b>	<b>88.07</b>	<b>69.25</b>	<b>52.54</b>

#### (b) Fair Value Hierarchy

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the period ended June 30, 2021 and for the year ended March 31, 2021, March 31, 2020 and March 31, 2021.

#### (c) Financial risk management objectives and policies

The Company's principal financial liabilities comprise 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, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

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

#### Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### (a) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investing and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

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

Particulars	As at June 30, 2021		As at March 31, 2021	
	Amount in Ringgit (in Million)	Amount in ₹ (in Million)	Amount in Ringgit (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>				
Trade receivables	0.46	8.18	0.56	9.96
Other receivables from related parties	0.19	3.41	0.19	3.39
<b>Financial liabilities</b>				
Trade payables	4.39	78.08	4.48	79.40

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount in Ringgit (in Million)	Amount in ₹ (in Million)	Amount in Ringgit (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>				
Trade receivables	0.51	8.87	0.64	10.97
Other receivables from related parties	-	-	-	-
<b>Financial liabilities</b>				
Trade payables	3.36	58.34	2.64	45.10

31 Disclosures on Financial instruments (contd.)

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	(₹ in Million)	
		Effect on profit or loss before tax	
		Strengthening	Weakening
<b>June 30, 2021</b>			
USD	5%	(3.58)	3.58
<b>March 31, 2021</b>			
USD	5%	(3.38)	3.38
<b>March 31, 2020</b>			
USD	5%	(2.82)	2.82
<b>March 31, 2019</b>			
USD	5%	(2.09)	2.09

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019. The period end balances are not necessarily representative of the average debt outstanding during the period.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was June 30, 2021: ₹ 21.91 million, March 31, 2021: ₹ 31.41 million, March 31, 2020: ₹ 17.58 million, March 31, 2019: ₹ 31.28 million, being the total carrying value of trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Refer note 6 for movement in expected credit loss for the period ended June 30, 2021 and the year ended March 31, 2021, March 31, 2020 and March 31, 2019.

(d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company 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	(₹ in Million)			
	0 - 1 years	1 to 5 years	> 5 years	Total
<b>June 30, 2021</b>				
Lease liabilities	1.71	0.09	-	1.80
Trade payables	78.08	-	-	78.08
Other financial liabilities	4.17	-	-	4.17
	<b>83.96</b>	<b>0.09</b>	-	<b>84.05</b>
<b>March 31, 2021</b>				
Lease liabilities	1.66	0.48	-	2.14
Trade payables	79.40	-	-	79.40
Other financial liabilities	6.53	-	-	6.53
	<b>87.59</b>	<b>0.48</b>	-	<b>88.07</b>
<b>March 31, 2020</b>				
Lease liabilities	1.44	1.95	-	3.39
Trade payables	58.34	-	-	58.34
Other financial liabilities	7.52	-	-	7.52
	<b>67.30</b>	<b>1.95</b>	-	<b>69.25</b>
<b>March 31, 2019</b>				
Trade payables	45.10	-	-	45.10
Other financial liabilities	7.44	-	-	7.44
	<b>52.54</b>	-	-	<b>52.54</b>



### **32 Capital Management**

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

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

No changes were made in the objectives, policies or processes for managing capital during the periods/years ended June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

Net Gearing Ratio: Since the company is not having any debt, gearing ratio has not been calculated

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33 Ratio Analysis and its elements

Particulars	Numerator	Denominator	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	Variance (June 2021 vs March 2021)	Variance (March 2021 vs March 2020)	Variance (March 2020 vs March 2019)	Reasons for variance of more than 25 %
Current ratio	Current assets	Current liabilities	0.24	0.31	0.23	0.58	-25%	38%	-61%	Variance on account of change in working capital of the Company
Debt equity ratio <sup>1</sup>	Debt	Total Equity	NA	NA	NA	NA	NA	NA	NA	

Particulars	Numerator	Denominator	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	Variance (June 2021 vs March 2021)	Variance (March 2021 vs March 2020)	Variance (March 2020 vs March 2019)	Reasons for variance of more than 25 %
Debt service coverage ratio <sup>1</sup>	EBITDA	Debt (Borrowings)	NA	NA	NA	NA	NA	NA	NA	
Return on equity ratio	Profit for the period/year	Total Equity	0.10	0.13	0.56	1.24	-18%	-77%	-55%	Variance on account of reduction in tech & analytics cost resulting in increase in profit / decrease in loss
Trade receivable turnover ratio	Revenue from operations	Trade Receivable	1.04	4.57	5.10	3.64	-77%	-10%	40%	Variance on account of increase in trade receivable vis-à-vis change in revenue from operation
Trade payables turnover ratio	Revenue from operations	Trade Payables	0.11	0.57	0.78	0.89	-81%	-26%	-12%	NA
Net capital turnover ratio	Revenue from operations	Total Equity	(0.12)	(0.68)	(0.77)	(1.60)	-83%	-12%	-52%	Variance on account of change in working capital
Net profit ratio	Profit for the period/year	Revenue from operations	(0.89)	(0.19)	(0.73)	(0.77)	368%	-74%	-6%	Variance on account of increase in profit / reduction in loss due to reduction in expense
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	0.10	0.13	0.56	1.23	-17%	-77%	-55%	Variance on account of increase in profit / reduction in loss due to reduction in expense
Return on investment.	Interest (Finance income)	Other bank balances	NA	NA	NA	NA	NA	NA	NA	

**\*Reasons for variance of more than 25% in above ratios**

1. Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue were affected during the three month period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable.
2. Ratios for the three months period ended June 30, 2021 have not been annualised.

**Capillary Technologies (Malaysia) Sdn. Bhd.****Notes to the special purpose Ind AS financial statements**

- 34 The spread of COVID-19 has severely impacted the business operations around the globe including Malaysia. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.
- 35 Events after the Reporting period**  
Subsequent to the period ended June 30, 2021, Capillary Technologies International Pte Ltd, Singapore, has entered into a gift agreement dated November 22, 2021 with Capillary Pte limited and transferred 100 per cent of the issued share capital of the Company to Capillary Pte Ltd. on November 22, 2021.
- 36 As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact the special purpose Ind AS financial statements
- 37 Previous years numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications. The management believes that such reclassifications of items are not material as they would, individually or collectively, not influence the economic decisions that users make on the basis of the Special Purpose Financial Statements.
- 38 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Special Purpose Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date  
For NK Associates  
Chartered Accountants

For and on behalf of the Board of Directors of  
Capillary Technologies (Malaysia) Sdn. Bhd.

Krishnan A/L Nachiappen  
Partner

Aneesh Reddy Boddu  
Director

Selva Kumari A/P Karuppiah  
Director

Place: Puchong, Selangor, Malaysia  
Date:

Place: Bengaluru, India  
Date:

Place: Puchong, Selangor, Malaysia  
Date:

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Capillary Technologies (Shanghai) Co Ltd

### **Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of Capillary Technologies (Shanghai) Co Ltd (the "Company"), which comprises the Balance sheet as at June 30, 2021, March 31, 2021, March 31, 2020, March 31, 2019 the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the period ended June 30, 2021 and the year then ended March 31, 2021, March 31, 2020, March 31, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements"). These Special Purpose Ind AS Financial Statements have been prepared by the Management as per group accounting policies of Capillary Technologies India Limited (formerly known as 'Capillary Technologies India Private Limited') ('the Parent Company')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2 of the notes to the accompanying Special Purpose Ind AS Financial Statements.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements in China (Shanghai) and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

### **Responsibility of Management and Those Charged with Governance for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2 of the Special Purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors of the Parent Company 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 Parent Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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 matters - restriction of use**

The accompanying Special Purpose Ind AS financial statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited (formerly known as ‘Capillary Technologies India Private Limited’) for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019 and inclusion in the Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus and for the use by the current statutory auditor of the Capillary Technologies India Limited (formerly known as ‘Capillary Technologies India Private Limited’) in connection with the Capillary Technologies India Limited’s (formerly known as ‘Capillary Technologies India Private Limited’) proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose.

**For Shanghai Perfect CPA Partnership**

Chartered Accountants

Firm Registration Number: 31000316

MingXuan Han

Partner

Membership Number: 310001740001

Place of Signature: Shanghai, China

Date: December 08, 2021

**Capillary Technologies (Shanghai) Co Ltd**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Balance Sheet**

	Notes	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>I Assets</b>						
(1) <b>Non-current assets</b>						
(a) Property, plant and equipment	4	0.41	0.47	1.07	0.89	0.79
(b) Other non-current assets	8	-	-	-	7.48	1.53
		<b>0.41</b>	<b>0.47</b>	<b>1.07</b>	<b>8.37</b>	<b>2.32</b>
(2) <b>Current assets</b>						
(a) Financial assets						
(i) Trade receivables	5	27.24	13.50	13.25	12.22	13.95
(ii) Cash and cash equivalents	6	18.05	15.68	30.42	25.86	22.85
(iii) Other financial assets	7	21.79	21.61	4.13	4.94	10.52
(b) Other current assets	8	4.85	2.18	11.35	8.15	3.88
		<b>71.93</b>	<b>52.97</b>	<b>59.15</b>	<b>51.17</b>	<b>51.20</b>
<b>Total assets (1+2)</b>		<b>72.34</b>	<b>53.44</b>	<b>60.22</b>	<b>59.54</b>	<b>53.52</b>
<b>II Equity and liabilities</b>						
(1) <b>Equity</b>						
(a) Equity share capital	9	496.88	482.03	466.48	334.12	190.20
(b) Other equity	10	(470.77)	(472.52)	(440.15)	(309.11)	(159.22)
<b>Total equity</b>		<b>26.11</b>	<b>9.51</b>	<b>26.33</b>	<b>25.01</b>	<b>30.98</b>
(2) <b>Current liabilities</b>						
(a) Financial liabilities						
(i) Trade payables	11					
(a) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		11.34	12.94	6.98	6.40	1.22
(ii) Other financial liabilities	12	2.47	6.55	18.09	24.90	19.20
(b) Provisions	13	3.86	3.58	1.43	1.16	0.84
(c) Other current liabilities	14	28.56	20.86	7.39	2.07	1.28
<b>Total liabilities</b>		<b>46.23</b>	<b>43.93</b>	<b>33.89</b>	<b>34.53</b>	<b>22.54</b>
<b>Total equity and liabilities (1+2)</b>		<b>72.34</b>	<b>53.44</b>	<b>60.22</b>	<b>59.54</b>	<b>53.52</b>

Summary of significant accounting policies

The accompanying notes are integral part of the financial statements.

For **Shanghai Perfect CPA Partnership**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Capillary Technologies (Shanghai) Co Ltd**

**MingXuan Han**  
Partner

**Aneesh Reddy Boddu**  
Director

**Anant Choubey**  
Director

Place: Shanghai, China  
Date:

Place: Bengaluru, India  
Date:

Place: Bengaluru, India  
Date:

**Capillary Technologies (Shanghai) Co Ltd**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Statement of Profit and Loss**

	Notes	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>I Revenue</b>					
Revenue from operations	15	32.90	125.59	116.03	71.02
Other income	16	0.26	0.41	0.59	1.00
Finance income	17	0.01	0.06	0.02	0.04
<b>Total income</b>		<b>33.17</b>	<b>126.06</b>	<b>116.64</b>	<b>72.06</b>
<b>II Expenses</b>					
Cost of campaign services		3.11	4.46	3.20	2.87
Professional and consultancy services		1.53	16.64	14.21	12.48
Employee benefit expenses	18	16.22	92.29	168.77	157.51
Depreciation and amortization expenses	19	0.06	0.68	1.62	1.07
Finance costs	20	-	0.01	0.01	0.03
Other expenses	21	10.80	45.65	52.33	51.55
<b>Total expenses</b>		<b>31.72</b>	<b>159.73</b>	<b>240.14</b>	<b>225.51</b>
<b>III Profit/(loss) before tax (I - II)</b>		<b>1.45</b>	<b>(33.67)</b>	<b>(123.50)</b>	<b>(153.45)</b>
<b>IV Tax expenses:</b>					
(a) Current tax		-	-	-	-
(b) Deferred tax charge / (credit)		-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Profit/(loss) for the period/ year (III - IV)</b>		<b>1.45</b>	<b>(33.67)</b>	<b>(123.50)</b>	<b>(153.45)</b>
<b>VI Other comprehensive income</b>					
Other comprehensive income to be reclassified to profit and loss in subsequent periods:					
(i) Foreign currency translation		0.20	0.78	(8.84)	0.97
Income tax effect on above		-	-	-	-
<b>Total other comprehensive income / (loss) for the period / year, net of tax</b>		<b>0.20</b>	<b>0.78</b>	<b>(8.84)</b>	<b>0.97</b>
<b>VII Total comprehensive income / (loss) for the period / year, (net of tax) (V+VI)</b>		<b>1.65</b>	<b>(32.89)</b>	<b>(132.34)</b>	<b>(152.48)</b>

The accompanying notes are integral part of the financial statements.

For **Shanghai Perfect CPA Partnership**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Capillary Technologies (Shanghai) Co Ltd**

**MingXuan Han**  
Partner

Place: Shanghai, China  
Date:

**Aneesh Reddy Boddu**  
Director

Place: Bengaluru, India  
Date:

**Anant Choubey**  
Director

Place: Bengaluru, India  
Date:



**Capillary Technologies (Shanghai) Co Ltd**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Statement of Changes in Equity**

**A. Equity share capital (note 9)**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening	482.03	466.48	334.12	190.20
Changes in equity during the year	14.85	15.55	132.36	143.92
Closing as at reporting date	<b>496.88</b>	<b>482.03</b>	<b>466.48</b>	<b>334.12</b>

**B. Other equity (note 10)**

	Reserves and surplus		Item of OCI	
	Retained earnings	Capital contribution from holding company	Foreign currency translation reserve	Total other equity
<b>Balance as at April 01, 2018</b>	(162.39)	3.17	-	(159.22)
Loss for the year	(153.45)	-	-	(153.45)
Capital contribution from holding company	-	2.59	-	2.59
Other comprehensive income	-	-	0.97	0.97
<b>Balance as at March 31, 2019</b>	<b>(315.84)</b>	<b>5.76</b>	<b>0.97</b>	<b>(309.11)</b>
Loss for the year	(123.50)	-	-	(123.50)
Capital contribution from holding company	-	1.30	-	1.30
Other comprehensive income	-	-	(8.84)	(8.84)
<b>Balance as at March 31, 2020</b>	<b>(439.34)</b>	<b>7.06</b>	<b>(7.87)</b>	<b>(440.15)</b>
Loss for the year	(33.67)	-	-	(33.67)
Capital contribution from holding company	-	0.52	-	0.52
Other comprehensive income	-	-	0.78	0.78
<b>Balance as at March 31, 2021</b>	<b>(473.01)</b>	<b>7.58</b>	<b>(7.09)</b>	<b>(472.52)</b>
Loss for the period	1.45	-	-	1.45
Capital contribution from holding company	-	0.10	-	0.10
Other comprehensive income	-	-	0.20	0.20
<b>Balance as at June 30, 2021</b>	<b>(471.56)</b>	<b>7.68</b>	<b>(6.89)</b>	<b>(470.77)</b>

The accompanying notes are integral part of the financial statements.

**For Shanghai Perfect CPA Partnership**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Capillary Technologies (Shanghai) Co Ltd**

**MingXuan Han**  
Partner

Place: Shanghai, China  
Date:

**Aneesh Reddy Boddu**  
Director

Place: Bengaluru, India  
Date:

**Anant Choubey**  
Director

Place: Bengaluru, India  
Date:

**Capillary Technologies (Shanghai) Co Ltd**  
**Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**Statement of Cash flows**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flow from/ (used in) operating activities</b>				
<b>Profit/(loss) before tax</b>	1.45	(33.67)	(123.50)	(153.45)
<i>Adjustments to reconcile (loss) / profit before tax to net cash flows</i>				
Depreciation and amortisation expenses	0.06	0.68	1.62	1.07
Employee stock options expenses	0.10	0.52	1.30	2.59
Effect of changes in exchange rates	0.20	0.78	(8.84)	0.97
Provision for doubtful trade receivables and advances (including bad debts written off)	-	-	5.11	0.14
Finance income	(0.01)	(0.06)	(0.02)	(0.04)
<b>Operating profit before working capital changes</b>	<b>1.80</b>	<b>(31.75)</b>	<b>(124.33)</b>	<b>(148.72)</b>
<b>Adjustments for working capital changes:</b>				
(Increase) / decrease in trade receivables	(13.74)	(0.25)	(6.14)	1.59
Decrease / (Increase) in non current and current other financial and other assets	(2.85)	(8.31)	5.09	(4.64)
(Decrease) / Increase in trade payables	(1.60)	5.96	0.58	5.18
Increase / (decrease) in current other financial, other liabilities and provisions	3.90	4.00	(1.81)	6.80
<b>Cash used in operations</b>	<b>(12.49)</b>	<b>(30.35)</b>	<b>(126.61)</b>	<b>(139.79)</b>
Direct taxes (paid) / refund	-	-	-	-
<b>Net cash used in operating activities (A)</b>	<b>(12.49)</b>	<b>(30.35)</b>	<b>(126.61)</b>	<b>(139.79)</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	-	-	(1.21)	(1.16)
Interest income received	0.01	0.06	0.02	0.04
<b>Net cash used in investing activities (B)</b>	<b>0.01</b>	<b>0.06</b>	<b>(1.19)</b>	<b>(1.12)</b>
<b>Cash flow from financing activities</b>				
Receipt of share capital	14.85	15.55	132.36	143.92
<b>Net cash generated from financing activities (C)</b>	<b>14.85</b>	<b>15.55</b>	<b>132.36</b>	<b>143.92</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>2.37</b>	<b>(14.74)</b>	<b>4.56</b>	<b>3.01</b>
Cash and cash equivalents at the beginning of the year	15.68	30.42	25.86	22.85
<b>Cash and cash equivalents at the end of the year</b>	<b>18.05</b>	<b>15.68</b>	<b>30.42</b>	<b>25.86</b>
<b>Components of cash and cash equivalents:</b>				
Balance in current account	18.05	15.68	30.42	25.86
	<b>18.05</b>	<b>15.68</b>	<b>30.42</b>	<b>25.86</b>

**Note:**

The above 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 form an integral part of the financial statement**

**For Shanghai Perfect CPA Partnership**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Capillary Technologies (Shanghai) Co Ltd**

**MingXuan Han**  
Partner

**Aneesh Reddy Boddu**  
Director

**Anant Choubey**  
Director

Place: Shanghai, China  
Date

Place: Bengaluru, India  
Date:

Place: Bengaluru, India  
Date:

**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**4 Property, plant and equipment**

	<u>Computers</u>	<u>Total</u>
<b>Cost / Deemed cost</b>		
<b>At April 01, 2018</b>	0.79	<b>0.79</b>
Additions	1.16	1.16
Exchange differences	0.01	0.01
<b>At March 31, 2019</b>	<b>1.96</b>	<b>1.96</b>
Additions	1.21	1.21
Exchange differences	0.11	0.11
<b>At March 31, 2020</b>	<b>3.28</b>	<b>3.28</b>
Additions	-	-
Disposals/adjustments	(0.50)	(0.50)
Exchange differences	0.15	0.15
<b>At March 31, 2021</b>	<b>2.93</b>	<b>2.93</b>
Additions	-	-
Exchange differences	0.07	0.07
<b>At June 30, 2021</b>	<b>3.00</b>	<b>3.00</b>
 <b>Accumulated depreciation</b>		
<b>As at April 01, 2018</b>	-	-
Charge for the year	1.07	1.07
Exchange differences	-	-
<b>At March 31, 2019</b>	<b>1.07</b>	<b>1.07</b>
Charge for the year	1.62	1.62
Exchange differences	(0.48)	(0.48)
<b>At March 31, 2020</b>	<b>2.21</b>	<b>2.21</b>
Charge for the year	0.68	0.68
Disposals/adjustments	(0.50)	(0.50)
Exchange differences	0.07	0.07
<b>At March 31, 2021</b>	<b>2.46</b>	<b>2.46</b>
Charge for the period	0.06	0.06
Exchange differences	0.07	0.07
<b>As at June 30, 2021</b>	<b>2.59</b>	<b>2.59</b>
 <b>Net book value</b>		
<b>At March 31, 2019</b>	0.89	<b>0.89</b>
<b>At March 31, 2020</b>	1.07	<b>1.07</b>
<b>At March 31, 2021</b>	0.47	<b>0.47</b>
<b>At June 30, 2021</b>	0.41	<b>0.41</b>

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS financial statements**

(All amounts in INR millions, unless otherwise stated)

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>5 Trade receivables</b>					
Trade receivables - Others <sup>2</sup>	27.24	13.50	13.25	12.22	13.95
Receivable from related parties <sup>1, 2</sup>	-	-	-	-	-
<b>Total trade receivables</b>	<b>27.24</b>	<b>13.50</b>	<b>13.25</b>	<b>12.22</b>	<b>13.95</b>
<b>Break-up for security details:</b>					
Trade receivables - Unsecured, considered good	27.24	13.50	13.25	12.22	13.95
Trade receivables, Unsecured, credit impaired <sup>3</sup>	-	-	5.33	-	-
<b>(A)</b>	<b>27.24</b>	<b>13.50</b>	<b>18.58</b>	<b>12.22</b>	<b>13.95</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>					
Trade receivables - Unsecured, credit impaired <sup>3</sup>	-	-	(5.33)	-	-
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>(5.33)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(A+B) 27.24</b>	<b>13.50</b>	<b>13.25</b>	<b>12.22</b>	<b>13.95</b>

1. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Also refer note 23.

2. Trade receivables are non-interest bearing and are generally on 30 to 90 days terms.

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

Expected credit loss allowance	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>At the beginning of the period / year</b>	-	5.33	-	-	-
Provision made during the period / year	-	-	5.33	-	-
(Utilized) / (reversed) during the period / year		(5.33)	-	-	-
<b>At the end of the period / year</b>	<b>-</b>	<b>-</b>	<b>5.33</b>	<b>-</b>	<b>-</b>

*(This space has been intentionally left blank)*

**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**5.1 Trade receivables ageing schedule - Based on the requirements of Amended Schedule III**  
**As at June 30, 2021**

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	8.29	9.91	6.86	2.18	-	-	27.24
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>8.29</b>	<b>9.91</b>	<b>6.86</b>	<b>2.18</b>	<b>-</b>	<b>-</b>	<b>27.24</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>8.29</b>	<b>9.91</b>	<b>6.86</b>	<b>2.18</b>	<b>-</b>	<b>-</b>	<b>27.24</b>

**As at March 31, 2021**

Undisputed trade receivables - considered good	5.50	5.26	2.73	0.01	-	-	13.50
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>5.50</b>	<b>5.26</b>	<b>2.73</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>13.50</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>5.50</b>	<b>5.26</b>	<b>2.73</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>13.50</b>

**As at March 31, 2020**

Undisputed trade receivables - considered good	1.90	10.82	0.53	-	-	-	13.25
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	5.33	-	-	-	5.33
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1.90</b>	<b>10.82</b>	<b>5.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.58</b>
Less: credit impaired	-	-	(5.33)	-	-	-	(5.33)
<b>Total</b>	<b>1.90</b>	<b>10.82</b>	<b>0.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.25</b>

**As at March 31, 2019**

Undisputed trade receivables - considered good	1.25	7.12	3.85	0.01	-	-	12.22
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1.25</b>	<b>7.12</b>	<b>3.85</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>12.22</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1.25</b>	<b>7.12</b>	<b>3.85</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>12.22</b>

**As at April 1, 2019**

Undisputed trade receivables - considered good	1.43	8.12	4.40	-	-	-	13.95
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1.43</b>	<b>8.12</b>	<b>4.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.95</b>
Less: credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1.43</b>	<b>8.12</b>	<b>4.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.95</b>

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**6 Cash and cash equivalents**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Balances with banks</b>					
On current accounts	18.05	15.68	30.42	25.86	22.85
Cash on hand	-	-	-	-	-
	<b>18.05</b>	<b>15.68</b>	<b>30.42</b>	<b>25.86</b>	<b>22.85</b>

**7 Other financial assets**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
<b>Financial instruments at amortised cost</b>					
Security deposits - others	2.71	2.65	2.51	2.25	1.15
Other receivables from related parties (refer notes 23)	17.24	12.30	-	-	-
Unbilled revenue	1.84	6.66	1.62	2.69	9.37
	<b>21.79</b>	<b>21.61</b>	<b>4.13</b>	<b>4.94</b>	<b>10.52</b>

Unbilled revenue ageing schedule - Based on the requirements of Schedule III

**Undisputed - considered good**

Current but not due	1.84	6.66	1.62	2.69	10.52
	<b>1.84</b>	<b>6.66</b>	<b>1.62</b>	<b>2.69</b>	<b>10.52</b>

**8 Other assets**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Non-current</b>					
<b>Others (Unsecured, considered good)</b>					
Capitalised contract costs*	-	-	-	7.48	1.53
	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.48</b>	<b>1.53</b>
<b>Current</b>					
<b>Advances other than capital advances</b>					
(Unsecured, considered good)	4.07	1.10	-	-	-
<b>Others (Unsecured, considered good)</b>					
Capitalised contract costs*	-	-	8.37	5.29	2.75
Prepaid expenses	0.72	1.02	2.34	2.74	0.74
Balances with statutory/government authorities	-	-	0.55	-	-
Other assets	0.06	0.06	0.09	0.12	0.39
	<b>4.85</b>	<b>2.18</b>	<b>11.35</b>	<b>8.15</b>	<b>3.88</b>

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

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Capitalised contract costs</b>					
<b>At the beginning of the period / year</b>	-	8.37	12.77	4.28	-
Additions during the period / year	-	-	1.31	11.24	4.28
Amortised during the period / year	-	-	(5.71)	(2.75)	-
Other adjustments	-	(8.37)	-	-	-
<b>At the end of the period / year</b>	<b>-</b>	<b>-</b>	<b>8.37</b>	<b>12.77</b>	<b>4.28</b>

The same is shown under:

Current	-	-	8.37	5.29	2.75
Non-current	-	-	-	7.48	1.53

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**9 Share capital**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity shares	496.88	482.03	466.48	334.12
Issued, subscribed and paid up				

**(a) Reconciliation of equity share capital outstanding at the beginning/end of the reporting period:**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balances as at the beginning of the year (in amount)	482.03	466.48	334.12	190.20
Add: Issued and subscribed during the year (in amount)	14.85	15.55	132.36	143.92
Balance at the end of the year (in amount)	<b>496.88</b>	<b>482.03</b>	<b>466.48</b>	<b>334.12</b>

**(b) Details of shares held by the holding company**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capillary Technologies International Pte. Ltd., Singapore (Holding company)	496.88	482.03	466.48	334.12

**(c) Details of shareholders holding more than 5 percent shares:**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capillary Technologies International Pte. Ltd				
Percentage of holdings	100%	100%	100%	100%

**(d) Rights, preferences and restrictions attached to shares:**

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.

**(e)** There are no shares held by the promoters of the Company, hence no disclosure has been given in this regard.

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**10 Other equity**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Retained earnings</b>				
Opening balance	(473.01)	(439.34)	(315.84)	(162.39)
Add profit/(loss) for the period / year	1.45	(33.67)	(123.50)	(153.45)
	<b>(471.56)</b>	<b>(473.01)</b>	<b>(439.34)</b>	<b>(315.84)</b>
Foreign currency translation reserve	(6.89)	(7.09)	(7.87)	0.97
Capital contribution from holding company	7.68	7.58	7.06	5.76
	<b>(470.77)</b>	<b>(472.52)</b>	<b>(440.15)</b>	<b>(309.11)</b>

1. The Company had incurred losses including cash losses in the earlier years which resulted in substantial erosion of networth of the Company. Though the networth of the Company was substantially eroded, the management of the Company basis its business plan as approved by the Board of Directors expects that there will be a significant increase in the operations of the Company that will lead to improved cash flows and long-term sustainability and the Company will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. In the meantime, the Holding company has committed to provide financial and operational support to the Company for its continued operations in the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

**Nature and purpose of reserves**

**10.1 Retained earnings**

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

**10.2 Foreign currency translation reserve**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Company's presentation currency.

**10.3 Capital contribution from holding company**

Capillary Technologies India Limited's Holding Company has a share option scheme under which it grants employee stock options to certain employees of the Company without any cross charge. Capital contribution from parent is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration by the holding company. Refer Note 28 for further details of these.

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**11 Trade payables**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>At amortised cost</b>					
-Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>	-	-	-	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>1</sup>	11.34	12.94	6.98	6.40	1.22
	<b>11.34</b>	<b>12.94</b>	<b>6.98</b>	<b>6.40</b>	<b>1.22</b>
<b>The above amount includes:</b>					
Trade payables to related parties	-	-	-	-	-
Trade payables to others	11.34	12.94	6.98	6.40	1.22
	<b>11.34</b>	<b>12.94</b>	<b>6.98</b>	<b>6.40</b>	<b>1.22</b>

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

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

**The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period/year:**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2021
- Principal amount due to micro and small enterprises					
- Interest due on above	-	-	-	-	-
"The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period / 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 period/ 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 period / year.	-	-	-	-	-
"The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-	-	-	-

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**11.1 Trade Payables Ageing Schedule**  
**As at June 30, 2021**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	11.17	-	0.17	-	11.34
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>11.17</b>	<b>-</b>	<b>0.17</b>	<b>-</b>	<b>11.34</b>

**As at March 31, 2021**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12.77	0.17	-	-	12.94
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>12.77</b>	<b>0.17</b>	<b>-</b>	<b>-</b>	<b>12.94</b>

**As at March 31, 2020**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.98	-	-	-	6.98
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>6.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.98</b>

**As at March 31, 2019**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.40	-	-	-	6.40
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>6.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.40</b>

**As at April 01, 2018**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1.22	-	-	-	1.22
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>1.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.22</b>

- There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule

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Capillary Technologies (Shanghai) Co Ltd  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**12 Other financial liabilities**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
<b>At amortised cost</b>					
Accrued salaries and benefits	2.47	6.55	18.09	24.90	19.20
	<b>2.47</b>	<b>6.55</b>	<b>18.09</b>	<b>24.90</b>	<b>19.20</b>

**13 Provisions**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
<b>Provision for employee benefits:</b>					
Provision for compensated absences	3.86	3.58	1.43	1.16	0.84
	<b>3.86</b>	<b>3.58</b>	<b>1.43</b>	<b>1.16</b>	<b>0.84</b>

**14 Other liabilities**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Current</b>					
Deferred revenue	26.85	18.69	6.81	1.12	1.28
Statutory dues payable	1.71	2.17	0.58	0.95	-
	<b>28.56</b>	<b>20.86</b>	<b>7.39</b>	<b>2.07</b>	<b>1.28</b>

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**15 Revenue from operations**

**Type of service**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of services</b>				
Retainership and other income from external customers	25.39	100.18	58.93	35.02
Installation income from external customers	3.26	19.38	52.01	10.91
Income from campaign services	4.25	6.03	5.09	25.09
<b>Total revenue from operations</b>	<b>32.90</b>	<b>125.59</b>	<b>116.03</b>	<b>71.02</b>
China	32.90	125.59	116.03	71.02
Outside China	-	-	-	-
<b>Total revenue from operations</b>	<b>32.90</b>	<b>125.59</b>	<b>116.03</b>	<b>71.02</b>

**Timing of revenue recognition**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Services transferred over time	28.65	119.56	110.94	45.93
Services transferred at a point in time	4.25	6.03	5.09	25.09
	<b>32.90</b>	<b>125.59</b>	<b>116.03</b>	<b>71.02</b>

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
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**15. Contract balances**

**Receivables**

- Current (Gross)	27.24	13.50	18.58	12.22
- Impairment allowance	-	-	(5.33)	-

**Contract assets:-**

**Unbilled revenue:**

-Current	1.84	6.66	1.62	2.69
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**Contract liabilities:-**

**Deferred revenue:**

-Current	26.85	18.69	6.81	1.12
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**Advance from customers:**

-Current	-	-	-	-
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**16 Other income**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Gain on account of foreign exchange fluctuations (net)	-	-	-	0.89
Other non-operating income	0.26	0.41	0.59	0.11
	<b>0.26</b>	<b>0.41</b>	<b>0.59</b>	<b>1.00</b>

**17 Finance income**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on bank deposits (gross)	0.01	0.06	0.02	0.04
	<b>0.01</b>	<b>0.06</b>	<b>0.02</b>	<b>0.04</b>

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**18 Employee benefit expenses**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	12.85	81.42	129.03	124.35
Sales commission expenses (refer note 8)	-	-	5.71	2.75
Contribution to provident and other funds	2.85	7.85	28.26	7.87
Employee stock option expenses	0.10	0.52	1.30	2.59
Staff welfare expenses	0.35	2.28	4.35	3.94
Staff training and recruitment expenses	0.07	0.22	0.12	16.01
	<b>16.22</b>	<b>92.29</b>	<b>168.77</b>	<b>157.51</b>

**19 Depreciation and amortization expenses**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment (Refer note 4)	0.06	0.68	1.62	1.07
	<b>0.06</b>	<b>0.68</b>	<b>1.62</b>	<b>1.07</b>

**20 Finance costs**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Bank charges	-	0.01	0.01	0.03
	<b>-</b>	<b>0.01</b>	<b>0.01</b>	<b>0.03</b>

**21 Other expenses**

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Travelling and conveyance	0.68	4.14	9.16	12.01
Rent	1.17	6.16	6.72	7.18
Communication costs	0.11	0.87	2.33	2.26
Payment to Auditor*	0.95	0.15	0.13	0.13
Power and fuel	-	-	0.02	-
Provision for doubtful trade receivables and advances (including bad debts written off)	-	-	5.11	0.14
Selling and marketing expenses	0.77	1.92	6.69	10.10
Repairs and maintenance - others	-	0.03	0.16	0.72
Loss on account of foreign exchange fluctuations (net)	0.23	0.48	0.05	-
Rates and taxes	0.14	1.01	0.28	0.03
Software and server charges	6.70	30.85	21.33	17.25
Miscellaneous expenses	0.05	0.04	0.35	1.73
	<b>10.80</b>	<b>45.65</b>	<b>52.33</b>	<b>51.55</b>

**\*Payment to Auditor (exclusive of taxes)**

As auditor:				
Audit fees	0.95	0.15	0.13	0.13

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**22 Critical accounting assumptions**

The preparation of the Company's Ind AS Special Purpose 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non financial assets, fair value measurement of financial instruments, contingencies, and leases.

**22.1 Provision for expected credit losses of trade receivables and contract assets**

**(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 Special Purpose IND AS Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(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.

**(c) 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 5(3).

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**23 Related party disclosures**

**a) Names of the related parties and description of relationship**

Nature of relationship	Name of the party	Place of incorporation
Related party where control exists	Capillary Technologies International Pte. Ltd. (Holding company)	Singapore
Fellow subsidiaries	Capillary Technologies India Limited (formerly Capillary Technologies India Private Limited)	India
	Capillary Technologies Inc	USA
	Capillary Technologies (UK) Limited	United Kingdom
	Capillary Technologies DMCC	UAE
	Reasoning Global E-Applications Private Limited	India
	Capillary Technologies (Malaysia) Sdn Bhd	Malaysia
	PT Capillary Technologies	Indonesia
Enterprises significantly influenced by key managerial personnel	Capillary Technologies India Limited (formerly Capillary Technologies India Private Limited) (Parent Company)	India
Key managerial personnel [KMP]	Anant Choubey, Chairman Aneesh Reddy Boddu, Director Sridhar Bollam, Director Chris Jun, Supervisor (w.e.f November 17, 2021)	

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

	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>1) Transactions during the period / year</b>				
<b>a) Reimbursements of expenses incurred by the company on behalf of group company</b>				
Capillary Technologies International Pte. Ltd., Singapore	4.63	12.06	-	-
<b>2) Equity share contribution by group company</b>				
Capillary Technologies International Pte. Ltd., Singapore	14.85	15.55	132.36	143.92
<b>3) Outstanding balances as at peiord / year end</b>				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Other receivables from related parties</b>				
Capillary Technologies International Pte. Ltd., Singapore	17.24	12.30	-	-

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 period end are unsecured and settlement occurs in cash.

**24 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 Financial Statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the Special Purpose Ind AS Financial Statements but does not record a liability in its accounts unless the loss becomes probable.

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

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Bank guarantees outstanding	-	-	-	-
Total	-	-	-	-

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**25 Segment Reporting- Disclosure pursuant to Ind AS 108 'Operating Segments'**

**(a) Information about reportable segments**

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's 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 Special Purpose Financial Statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

(ii) Reportable segments:

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

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".

**(b) Geographical information**

	<b>Revenue from Operations*</b>			
	<b>Three months period ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>June 30, 2021</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
China	32.90	125.59	116.03	71.02
Outside China	-	-	-	-
	<b>32.90</b>	<b>125.59</b>	<b>116.03</b>	<b>71.02</b>

The following table shows the carrying amount of segment assets by geographical area to which these areas are attributable :

	<b>Non-current Assets**</b>			
	<b>Three months period ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>June 30, 2021</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
China	50.14	31.36	55.02	46.23
Outside China	-	-	-	-
	<b>50.14</b>	<b>31.36</b>	<b>55.02</b>	<b>46.23</b>

\*Revenue by geographical area are based on the geographical location of the customers.

\*\*Non-current assets excludes financial instruments and tax assets.

**Information about major customers**

No of customers contributed 10% or more of the total Company's revenue	3	3	2	5
Percentage of the total revenue	75%	84%	62%	72%

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**26. Disclosure of Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.3.(m).

**(a) Financial assets and liabilities**

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through statement of profit and loss or fair value through Other Comprehensive Income as at June 30, 2021, March 31, 2021, March 31, 2020 (Proforma) and March 31, 2019.

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019:

	Carrying and fair value				
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Financial assets</b>					
<b>Financial assets at amortised cost</b>					
Trade receivables	27.24	13.50	13.25	12.22	13.95
Cash and cash equivalents	18.05	15.68	30.42	25.86	22.85
Other financial assets	21.79	21.61	4.13	4.94	10.52
<b>Total carrying value</b>	<b>67.08</b>	<b>50.79</b>	<b>47.80</b>	<b>43.02</b>	<b>47.32</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Trade payables	11.34	12.94	6.98	6.40	1.22
Other current financial liabilities	2.47	6.55	18.09	24.90	19.20
<b>Total carrying value</b>	<b>13.81</b>	<b>19.49</b>	<b>25.07</b>	<b>31.30</b>	<b>20.42</b>

**(b) Fair Value Hierarchy**

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the period ended June 30, 2021 and for the year ended March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018.

**(c) Financial risk management objectives and policies**

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

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

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

**Market risk**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(a) Market risk- Interest rate risk:** The Company is not having any borrowings and hence the risk is not applicable.

**(b) Market risk- Foreign currency risk**

**(b) Market risk- Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investing and financing activities. The Company's exposure to foreign currency changes from operating activities is not material.

**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**c) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ (June 30, 2021: ₹ 67.08 million, March 31, 2021: ₹ 50.79 million, March 31, 2020: ₹ 47.80 million, March 31, 2019 ₹ 43.02 million, and April 01, 2018 ₹ 47.32 million), being the total carrying value of loans receivables from related parties, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Company.

Customer credit risk is managed by each business unit based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Refer note 5(3) for movement in expected credit loss for the period ended June 30, 2021 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**d) Liquidity risk management**

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

**Liquidity tables**

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.

	Carrying Amount	Less than 1 Year	1-5 years	More than 5 years	Total
<b>June 30, 2021</b>					
Trade payables	11.34	11.17	0.17	-	11.34
Other financial liabilities	2.47	2.47	-	-	2.47
	<b>13.81</b>	<b>13.64</b>	<b>0.17</b>	<b>-</b>	<b>13.81</b>
<b>March 31, 2021</b>					
Trade payables	12.94	12.77	0.17	-	12.94
Other financial liabilities	6.55	6.55	-	-	6.55
	<b>19.49</b>	<b>19.32</b>	<b>0.17</b>	<b>-</b>	<b>19.49</b>
<b>March 31, 2020</b>					
Trade payables	6.98	6.98	-	-	6.98
Other financial liabilities	18.09	18.09	-	-	18.09
	<b>25.07</b>	<b>25.07</b>	<b>-</b>	<b>-</b>	<b>25.07</b>
<b>March 31, 2019</b>					
Trade payables	6.40	6.40	-	-	6.40
Other financial liabilities	24.90	24.90	-	-	24.90
	<b>31.30</b>	<b>31.30</b>	<b>-</b>	<b>-</b>	<b>31.30</b>
<b>April 01, 2018</b>					
Trade payables	1.22	1.22	-	-	1.22
Other financial liabilities	19.20	19.20	-	-	19.20
	<b>20.42</b>	<b>20.42</b>	<b>-</b>	<b>-</b>	<b>20.42</b>

**27. 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 and support from 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.

No changes were made in the objectives, policies or processes for managing capital during the period/years ended June 30, 2021, March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018,

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**28 Share-based payments**

**A Description of the share based payment arrangements**

At a meeting of the members of Holding Company held on August 10, 2015, the shareholders of the Holding Company had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is prorated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

**B Measurement of fair values**

The fair value of the share options granted under the GESP is estimated at the grant date using Back-solve method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the Holding Company.

The following table lists the inputs to the option pricing models for the period ended June 30, 2021 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively:

Particulars	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	31.67% - 86.38%	31.76% - 86.38%	37.86% - 86.38%	37.86% - 86.38%
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%	1.54% - 2.28%	1.54% - 2.28%
Expected life of option (years)	2 - 7	5 - 7	5 - 7	5 - 7
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	USD 1.81 - 3.90	USD 1.81 - 3.90	USD 1.81 - 3.90
Weighted average share price as per Post DLOM & Post	USD 1.23 - 5.45	USD 1.23 - 2.92	USD 1.23 - 2.92	USD 1.23 - 2.92

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

**C Movements during the year**

The following table illustrates the number and WAEP of, and movements in, GESP plan during the period

Particulars	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	Number of options	Number of options	Number of options	Number of options
Options outstanding at the beginning of the period / year	49,553	75,483	58,198	32,080
Granted during the period / year	-	782	40,900	36,838
Forfeited / lapsed during the period / year	-	(26,712)	(23,615)	(10,720)
Exercised during the period / year	-	-	-	-
Expired during the period / year	-	-	-	-
<b>Options outstanding at the end of the period / year</b>	<b>49,553</b>	<b>49,553</b>	<b>75,483</b>	<b>58,198</b>

The options outstanding as at June 30, 2021 had an exercise price of ₹ Nil (March 31, 2021 Nil, March 31, 2020: Nil and March 31, 2019 Nil) and weighted average remaining contractual life of 6.25 years (March 31, 2021: 6.50 years, March 31, 2020: 8.36 years and March 31, 2019: 8.37 years).

The weighted average fair value of options granted during the period ended June 30, 2021 was 5.45 USD (March 31, 2021: 5.45 USD, March 31, 2020: 2.36 USD and March 31, 2019: 2.92 USD).

**D Expense recognised in statement of profit and loss**

The expense recognised for employee services received during the year is shown in the following table :

Particulars	For the year three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 18)	0.10	0.52	1.30	2.59

**E** The Parent Company had granted stock options to employees under ESOP plans as detailed in note 29(A) above. The Parent Company has an obligation to settle the transaction with the employees of by providing it's own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

**29 Ratios analysis and its elements**

Particulars	Numerator	Denominator	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	Variance (June 2021 vs March 2021)*	Variance (March 2021 vs March 2020)*	Variance (March 2020 vs March 2019)	"Reasons for variance of more than 25% (March 2020 vs March 2019)"
Current ratio	Current assets	Current liabilities	1.56	1.21	1.75	1.48	29%	-31%	18%	-
Debt equity ratio*	Debt	Total equity	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-

Particulars	Numerator	Denominator	Three months period ended June 30, 2021	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Variance (June 2021 vs March 2021)*	Variance (March 2021 vs March 2020)*	Variance (March 2020 vs March 2019)	"Reasons for variance of more than 25% (March 2020 vs March 2019)"
Debt service coverage ratio*	EBITDA	Debt (Borrowings)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-
Return on equity ratio	Profit for the period/year	Total equity	0.08	(1.88)	(4.81)	(5.48)	-104%	-61%	-12%	-
Inventory turnover ratio	Cost of goods sold	Average Inventory	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-
Trade receivable turnover ratio	Revenue from operations	Trade receivable	1.62	9.39	9.11	5.43	-83%	3%	68%	The ratio was improved as the collection team were very robust in collection.
Trade payable turnover ratio	Cost of campaign services	Average trade payables	0.26	0.45	0.48	0.75	-43%	-6%	-37%	The Company has negotiated to increase the credit period, hence the improvement in ratio.
Net capital turnover ratio	Revenue from operations	Total equity	1.28	13.89	4.59	4.27	-91%	202%	8%	-
Net profit ratio	Profit for the period/year	Revenue from operations	0.04	(0.27)	(1.06)	(2.16)	-116%	-75%	-51%	Variance in ratio majorly on account of decrease in loss/ increase in profit during the year ended March 31,2020 to March 31, 2019 on account of higher revenue.
Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	0.06	(3.54)	(4.69)	(6.14)	-102%	-25%	-24%	-
Return on investment.	Interest (Finance income)	Other bank balances	0.00	0.00	0.00	0.00	-86%	482%	-57%	-

**\*\*Reasons for variance of more than 25% in above ratios**

1. Due to the outbreak of Covid-19, the operations of the Company including purchases and revenue were affected during the three month period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable."

2. Ratios for the three months period ended June 30, 2021 have not been annualised.

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**Capillary Technologies (Shanghai) Co Ltd**  
**Notes to the Special Purpose Ind AS Financial Statements**

(All amounts in INR millions, unless otherwise stated)

- 30 The spread of COVID-19 has severely impacted the business operations around the globe including China. The nationwide lockdown has impacted the Company's business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints on the basis of support letter received from the Holding Company. The Company will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.
- 31 Subsequent to the period ended June 30, 2021, Capillary Technologies International Pte Ltd, Singapore, has entered into a gift agreement dated November, 30, 2021 with Capillary Pte Ltd and transferred 100 per cent of the issued share capital of the Company to Capillary Pte Ltd. on November, 30, 2021 .
- 32 As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact these Special Purpose Ind AS Financial Statements.
- 33 Previous years numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications. The management believes that such reclassifications of items are not material as they would, individually or collectively, not influence the economic decisions that users make on the basis of the Special Purpose Financial Statements.
- 34 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Special Purpose Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

**For Shanghai Perfect CPA Partnership**  
Chartered Accountants

For and on behalf of the Board of Directors of  
**Capillary Technologies (Shanghai) Co Ltd**

**MingXuan Han**  
Partner

**Place: Shanghai, China**  
Date

**Aneesh Reddy Boddu**  
Director

**Place: Bengaluru, India**  
Date

**Anant Choubey**  
Director

**Place: Bengaluru, India**  
Date

## **INDEPENDENT AUDITOR’S REPORT**

**To the Designated Partners of Persuade Holdings Inc (formerly known as Persuade Holdings LLC)**

### **Report on the Audit of the Special Purpose Financial Statements**

#### **Opinion**

We have audited the special purpose financial statements of Persuade Holdings Inc (formerly known as Persuade Holdings LLC) (the “entity”), which comprise the Balance Sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flows Statement for the three months period April 01, 2021 to June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying special purpose financial statements give a true and fair view in conformity with the group accounting policies and other accounting principles followed by the group, of the state of affairs of the entity as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 and of its financial performance, total comprehensive income / loss for the period ended and year ended, its statement of changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements’ section of our report. We are independent of the entity in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the special purpose financial statements in India issued by Institute of Chartered Accountants of India (ICAI) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter - Basis of Preparation**

We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of preparation of the special purpose financial statements. The special purpose financial statements are prepared for the purpose of assisting the Holding Company in its proforma financial reporting, Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus, therefore the special purpose financial statements may not be suitable for any another purpose.

Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those charged with Governance for the Special Purpose Financial Statements**

Management is responsible for the preparation and fair presentation of these special purpose financial statements that give a true and fair view in accordance with the financial reporting provisions of the group and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special purpose financial statements, management is responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the entity’s financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 special purpose 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Other matter - Restriction on Distribution and Use**

The accompanying Special Purpose Financial Statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited, Holding Company (formerly known as Capillary Technologies India Private Limited) for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018 and inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus and for the use by the current statutory auditor of Capillary Technologies India Limited's (formerly known as Capillary Technologies India Private Limited) in connection with the Capillary Technologies India Limited's (formerly known as Capillary Technologies India Private Limited) proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose. MSKA & Associates shall not be liable to the entity or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

#### **For MSKA & Associates**

Chartered Accountants

Firm Registration No.: 105047W

#### **Deepak Rao**

Partner

Membership No: 113292

UDIN: 21113292AAAARC9037

Place: Bengaluru

Date: December 8, 2021



**Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**  
**Special Purpose Financial Statements**  
**Balance Sheet as at 30 June 2021, 31 March 2021, 31 March 2020, and 31 March 2019**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

			As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I	<b>Assets</b>						
(1)	<b>Current assets</b>						
	(a) Financial assets						
	(i) Trade receivables	4	19.55	19.26	17.46	11.86	6.76
	(ii) Cash and cash equivalents	5	0.06	0.06	0.06	0.06	0.05
	<b>Total assets</b>		<b>19.61</b>	<b>19.32</b>	<b>17.52</b>	<b>11.92</b>	<b>6.81</b>
			<b>19.61</b>	<b>19.32</b>	<b>17.52</b>	<b>11.92</b>	<b>6.81</b>
II	<b>Equity and liabilities</b>						
(1)	<b>Equity</b>						
	(a) Equity share capital	6	0.04	0.04	0.04	0.04	0.03
	(b) Other equity	6	19.54	19.25	17.45	11.86	6.76
	<b>Total equity</b>		<b>19.58</b>	<b>19.29</b>	<b>17.49</b>	<b>11.90</b>	<b>6.79</b>
(2)	<b>Current liabilities</b>						
	(a) Financial liabilities						
	(i) Trade payables	7	-	-	-	-	-
	(a) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		0.03	0.03	0.03	0.02	0.02
	<b>Total equity and liabilities</b>		<b>19.61</b>	<b>19.32</b>	<b>17.52</b>	<b>11.92</b>	<b>6.81</b>
			<b>19.61</b>	<b>19.32</b>	<b>17.52</b>	<b>11.92</b>	<b>6.81</b>
	Significant accounting policies	2					

The accompanying notes are an integral part of the special purpose financial statements.

**For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

**Deepak Rao**  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

**John Tshicha**  
Authorised Signatory

Place:  
Date:

**William Jansen**  
Authorised Signatory

Place:  
Date:

**Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**

**Special Purpose Financial Statements**

**Statement of Profit and Loss for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019**

(All amounts in Indian rupees millions, except as otherwise stated)

	Notes	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Income</b>					
Revenue from operations	8	-	2.33	4.25	4.69
<b>Total income</b>		<b>-</b>	<b>2.33</b>	<b>4.25</b>	<b>4.69</b>
<b>II Expenses</b>					
Employee benefit expenses	9	-	-	-	-
<b>Total expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III Profit/ (loss) before tax (I - II)</b>		<b>-</b>	<b>2.33</b>	<b>4.25</b>	<b>4.69</b>
<b>IV Tax expense</b>					
(a) Current tax		-	-	-	-
(b) Deferred tax charge/ (credit)		-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Profit/ (loss) for the period/ year (III - IV)</b>		<b>-</b>	<b>2.33</b>	<b>4.25</b>	<b>4.69</b>
<b>VI Other comprehensive income</b>					
<b>(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
(i) Exchange differences on translating the financial statements		0.29	(0.53)	1.34	0.41
<b>Total other comprehensive (loss)/ income for the period/ year, net of tax</b>		<b>0.29</b>	<b>(0.53)</b>	<b>1.34</b>	<b>0.41</b>
<b>VII Total comprehensive (loss)/ income for the period/ year, net of tax (V + VI)</b>		<b>0.29</b>	<b>1.80</b>	<b>5.59</b>	<b>5.10</b>
<b>Earnings per equity share (EPS)</b>					
Basic (₹)	10	-	1.93	3.51	4.11
Diluted (₹)	10	-	1.86	3.40	3.97
Significant accounting policies	2				

The accompanying notes are an integral part of the special purpose financial statements.

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

**For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**

**Deepak Rao**  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

**John Tshicha**  
Authorised Signatory

Place:  
Date:

**William Jansen**  
Authorised Signatory

Place:  
Date:

**Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**

**Special Purpose Financial Statements**

**Statement of cash flows for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019**

(All amounts in Indian rupees millions, except as otherwise stated)

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash flow from/(used in) operating activities</b>				
Profit / (loss) before tax	-	2.33	4.25	4.69
<b>Operating profit before working capital changes</b>	-	<b>2.33</b>	<b>4.25</b>	<b>4.69</b>
<b>Working capital adjustments :</b>				
(Increase) / decrease in trade receivables	-	(2.33)	(4.25)	(4.69)
Increase / (decrease) in trade payables	-	-	-	-
<b>Cash generated (used in) / from operations</b>	-	-	-	-
Direct taxes (paid) / refund	-	-	-	-
<b>Net cash flow (used in) / from operating activities (A)</b>	-	-	-	-
<b>Cash flow from/ (used in) Investing activities</b>	-	-	-	-
<b>Net cash used in investing activities (B)</b>	-	-	-	-
<b>Cash flows from/ (used in) financing activities</b>				
Proceeds from issuance of equity share capital	-	-	-	0.01
<b>Net (used in) / cash from financing activities (C)</b>	-	-	-	<b>0.01</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	-	-	-	0.01
Cash and cash equivalents at the beginning of the period/ year	0.06	0.06	0.06	0.05
Cash and cash equivalents at the end of the period/ year	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the special purpose financial statements.

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

**For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**

**Deepak Rao**  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

**John Tshicha**  
Authorised Signatory  
  
Place:  
Date:

**William Jansen**  
Authorised Signatory  
  
Place:  
Date:

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)

Special Purpose Financial Statements

Statement of Changes in Equity for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019

(All amounts in Indian rupees millions, except as otherwise stated)

(a)	Equity Share capital	Total
	At April 01, 2018	0.03
	Issued during the year*	0.01
	At March 31, 2019	0.04
	At April 01, 2019	0.04
	Issued during the year	-
	At March 31, 2020	0.04
	At April 01, 2020	0.04
	Issued during the year	-
	At March 31, 2021	0.04
	At April 01, 2021	0.04
	Issued during the period	-
	At June 30, 2021	0.04

(b)	Other equity				
	Particulars	Items of Other Comprehensive Income Foreign Currency Translation difference account	Reserve and surplus Retained earnings	Share based payments reserve	Total other equity
	Balance as at April 01, 2018	-	2.81	3.95	6.76
	Profit/(Loss) for the year	-	4.69	-	4.69
	Other comprehensive (loss)/income for the year(net of taxes)	0.41	-	-	0.41
	Balance as at March 31, 2019	0.41	7.50	3.95	11.86
	Profit/(Loss) for the year	-	4.25	-	4.25
	Other comprehensive income/(loss)	1.34	-	-	1.34
	Balance as at March 31, 2020	1.75	11.75	3.95	17.45
	Profit/(Loss) for the year	-	2.33	-	2.33
	Other comprehensive income/(loss)	(0.53)	-	-	(0.53)
	Balance as at March 31, 2021	1.22	14.08	3.95	19.25
	Profit/(Loss) for the period	-	-	-	-
	Other comprehensive income/(loss)	0.29	-	-	0.29
	Balance as at June 30, 2021	1.51	14.08	3.95	19.54

**Retained earnings**

Retained Earnings are the profits of the LLC earned till date net of appropriations

**Foreign Currency Translation difference account**

The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the LLC from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Summary of significant accounting policies

2

The accompanying notes are an integral part of the special purpose financial statements.

**For MSKA & Associates**

Chartered Accountants

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No: 113292

Place: Bengaluru

Date:

**For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**

**John Tshicha**

Authorised Signatory

Place:

Date:

**William Jansen**

Authorised Signatory

Place:

Date:

**Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**  
**Notes to Special Purpose Financial Statements**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

**1 General Information**

Persuade Holding LLC ("the LLC") is a Limited Liability Company incorporated in Minnesota of United States of America (USA). The LLC is incorporated in USA and is engaged in the software development services and provides digital, loyalty and analytical services. Subsequent to March 31, 2021, entity has been converted into Incorporation from LLC and subsequently name of the LLC has been changed to Persuade Holding Inc. Certificate of conversion has been issued on August 31, 2021.

**2 Significant accounting policies**

Significant accounting policies adopted by the LLC are as under:

**2.1 Basis of Preparation of Special Purpose Financial Statements**

**(a) Basis of preparation**

The special purpose financial statements of the LLC have been prepared in accordance with the group accounting policies as per Ind AS as adopted in Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited', India (formerly known as 'Capillary Technologies India Private Limited').

In addition, the LLC has complied with accounting policies and presentation requirements as adopted by the group company for all the historical financial years, to make the accounting policies and presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

- a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The special purpose financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The LLC has prepared the special purpose financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these special purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

The special purpose financial statements provide comparative information in respect of the previous period. In addition, the LLC presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in special purpose financial statements.

**(b) Basis of measurement**

The special purpose financial statements have been prepared on a historical cost convention on accrual basis, except for items that have been measured at fair value as required by relevant group accounting policies.

Current versus non-current classification

The LLC presents assets and liabilities in the Financial Statements on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

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

All assets and liabilities have been classified as current or non-current as per the LLC's operating cycle and other criteria set out in the group accounting policies. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the LLC has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

**(c) Use of estimates**

The preparation of special purpose financial statements in conformity with group accounting policies requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying special purpose financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the special purpose financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

## **2.2 Foreign Currency Transactions**

### **(a) Functional and presentation currency**

Items included in the special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates which is USD ('the functional currency'). The special purpose financial statements are presented in Indian rupee (INR), which is the LLC's presentation currency. Transactions in functional currency is translated into presentation currency at the exchange rates and are included in other comprehensive income(OCI), net of taxes as exchange difference on translation of foreign exchange.

### **(b) Transactions and balances**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

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 LLC'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).

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

## **2.3 Revenue Recognition**

Revenue is recognized upon transfer of control of promised services to the customers in an amount that reflects the consideration the LLC expects to receive in exchange for those services and where there is no uncertainty as to measurement or collectability of consideration. The LLC has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer. As per the group accounting policies, the LLC evaluates revenue recognition through a five-step process: (1) identifying a contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when (or as) the entity satisfies a performance obligation.

Revenue from consulting services is recognised under the proportionate completion method where revenue is recognised based on services performed to date as a percentage of total services to be performed.

Revenue from contracts that include combinations of products, support and professional services are accounted for as separate performance obligations with differing revenue recognition patterns.

Service income from group companies (License Income)

License income is recognized when the performance obligation to which some or all of the sales-based or usage-based License has been allocated has been satisfied (or partially satisfied)

### **Contract assets and liabilities**

#### **Contract assets**

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

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

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

'Unbilled revenue' included in other financial assets represents revenue recognized in excess of billings as at the balance sheet date.

'Deferred revenue' included in other current liabilities represents billings in excess of revenue recognized.

As per group accounting policies, direct and incremental costs to acquire a contract such as sales commissions are capitalized and amortized using a systematic basis over the pattern of transfer of the goods and services to which the asset relates. The unamortized portion of such costs are disclosed as 'deferred costs' under other assets.

**2.4 Taxes**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The LLC'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 LLC 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.

**(a) Income tax**

The major tax jurisdictions for the LLC is United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

**(b) Deferred tax**

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The LLC considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

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

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

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

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

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

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

(This space has been intentionally left blank)

## **2.5 Impairment of non-financial assets**

The LLC reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to 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. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

The LLC assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LLC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down 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, quoted share prices for publicly traded companies or other available fair value indicators.

The LLC bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the LLC's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the LLC 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 or countries in which the LLC operates, or for the market in which the asset is used.

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

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

## **2.6 Provisions and contingent liabilities**

### **General**

Provisions are recognised when the LLC 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 LLC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

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 LLC 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 LLC does not recognize a contingent liability but discloses its existence in the Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

### **Onerous contracts**

If the LLC 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 LLC 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 LLC 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).

## **2.7 Cash and cash equivalents**

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

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



## **2.8 Employee Benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, performance incentives, etc. and are recognised as expense in the period in which the employee renders the related service.

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the LLC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **2.9 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

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

## **2.10 Segment Reporting**

An operating segment is a component of the LLC that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the LLC's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in the group accounting policies, the chief operating decision maker evaluates the LLC's performance and allocates resources based on an analysis of various performance indicators by business segments.

## **2.11 Fair value measurement**

The LLC measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 accessible to the LLC.

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 LLC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The LLC's management determines the policies and procedures for fair value measurement.

All assets and liabilities for which fair value is measured or disclosed in the special purpose financial statements are categorized 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 financial statements on a recurring basis, the LLC 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 LLC 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
- Investment in unquoted equity shares
- Financial instruments (including those carried at amortised cost)

**2.12 Financial instruments**

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

**(a) Financial assets**

**(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the LLC's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the LLC has applied the practical expedient, the LLC 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 LLC has applied the practical expedient are measured at the transaction price determined as per group accounting policies. Refer to the accounting policies in note 2.3 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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.

The LLC's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

**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.

**2.12 Financial instruments (Contd.)**

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) Financial assets at amortised cost (debt instruments)
- b) Financial assets at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the LLC. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The LLC's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

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

**Financial assets measured at fair value**

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

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

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

Impairment of financial assets excluding investments in subsidiaries and associates

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

The LLC 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 group accounting policies.

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 approximate fair value due to the short maturity of these instruments.

De-recognition of financial assets

The LLC 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 group accounting policies.

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

If the LLC retains substantially all the risks and rewards of ownership of a transferred financial asset, the LLC 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 amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

**Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

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**Equity instruments**

All equity investments other than subsidiaries, associates & joint ventures are measured at fair value.

Investment in equity instrument of subsidiaries, associates & joint ventures are measured at cost in accordance with group accounting policies.

Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which the group accounting policy applies are classified as at FVTPL. For all other equity instruments, the LLC may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The LLC makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the LLC 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 LLC after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial Liabilities**

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

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

If the LLC decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the LLC may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**(iii) Impairment of financial assets**

For trade receivables and contract assets, the LLC applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the LLC does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The LLC has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The LLC considers a financial asset in default when contractual payments are XX days past due. However, in certain cases, the LLC may also consider a financial asset to be in default when internal or external information indicates that the LLC is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the LLC. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(iv) Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the LLC's consolidated balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The LLC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the LLC has transferred substantially all the risks and rewards of the asset, or (b) the LLC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the LLC has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the LLC continues to recognise the transferred asset to the extent of the LLC's continuing involvement. In that case, the LLC also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the LLC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the LLC could be required to repay.

**(b) Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The LLC's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

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- (ii) **Subsequent measurement**  
For purposes of subsequent measurement, financial liabilities are classified in two categories:  
a) Financial liabilities at fair value through profit or loss  
b) Financial liabilities at amortised cost (loans and borrowings)

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the LLC that are not designated as hedging instruments in hedge relationships as defined by the group accounting policies. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria as per group accounting policies are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the LLC may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The LLC has not designated any financial liability as at fair value through profit or loss.

**Financial liabilities at amortised cost**

This is the category most relevant to the LLC. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

- (iii) **Derecognition**  
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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.
- (c) **Offsetting 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.

**2.13 Share Based Payments**

Designated employees of the LLC receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In accordance with the group accounting policies, the cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Employee share based payments outstanding" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the LLC's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**2.14 Rounding off amounts**

All amounts disclosed in special purpose financial statements and notes have been rounded off to the nearest millions as per requirement of group accounting policies, unless otherwise stated.

**3 Significant accounting judgments, estimates and assumptions**

The preparation of special purpose financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 years.

**3.1 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end 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 LLC based its assumptions and estimates on parameters available when the special purpose 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 LLC. 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 Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgements about these factors could affect the reported fair value of financial instruments.

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(All amounts in Indian rupees millions, except as otherwise stated)

4. Trade receivables

Trade receivables - Others 2  
Receivable from related parties 1,2  
**Total trade receivables**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade receivables - Others 2	-	-	-	-	-
Receivable from related parties 1,2	19.55	19.26	17.46	11.86	6.76
<b>Total trade receivables</b>	<b>19.55</b>	<b>19.26</b>	<b>17.46</b>	<b>11.86</b>	<b>6.76</b>
Trade receivables - Unsecured, considered good	19.55	19.26	17.46	11.86	6.76
	<b>19.55</b>	<b>19.26</b>	<b>17.46</b>	<b>11.86</b>	<b>6.76</b>

Trade receivables ageing schedule

Particulars	Current but not due	Outstanding from due date of payment as on June 30, 2021					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	0.52	1.82	3.98	5.50	7.73	19.55
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	<b>0.52</b>	<b>1.82</b>	<b>3.98</b>	<b>5.50</b>	<b>7.73</b>	<b>19.55</b>
Less: Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>0.52</b>	<b>1.82</b>	<b>3.98</b>	<b>5.50</b>	<b>7.73</b>	<b>19.55</b>

Particulars	Current but not due	Outstanding from due date of payment as on March 31, 2021					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	0.51	1.79	3.92	5.42	7.62	19.26
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	<b>0.51</b>	<b>1.79</b>	<b>3.92</b>	<b>5.42</b>	<b>7.62</b>	<b>19.26</b>
Less: Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>0.51</b>	<b>1.79</b>	<b>3.92</b>	<b>5.42</b>	<b>7.62</b>	<b>19.26</b>

Particulars	Current but not due	Outstanding from due date of payment as on March 31, 2020					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	1.32	3.21	5.09	4.37	3.47	17.46
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	<b>1.32</b>	<b>3.21</b>	<b>5.09</b>	<b>4.37</b>	<b>3.47</b>	<b>17.46</b>
Less: Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1.32</b>	<b>3.21</b>	<b>5.09</b>	<b>4.37</b>	<b>3.47</b>	<b>17.46</b>

Particulars	Current but not due	Outstanding from due date of payment as on March 31, 2019					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	2.59	2.08	4.01	3.18	-	11.86
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	<b>2.59</b>	<b>2.08</b>	<b>4.01</b>	<b>3.18</b>	-	<b>11.86</b>
Less: Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>2.59</b>	<b>2.08</b>	<b>4.01</b>	<b>3.18</b>	-	<b>11.86</b>

Notes:

- Trade receivables are non-interest bearing and contains receivables only from related parties.
- There are no disputed trade receivables as on 30 June 2021, 31 March 2021, 31 March 2020 and 31 March 2019.

5. 'Cash and cash equivalents

Cash and bank balances

Balances with banks  
- on current accounts

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Balances with banks	0.06	0.06	0.06	0.06	0.05
- on current accounts	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.05</b>

6 The LLC has two classes of share capital (Class A & B), referred to herein as equity shares.

Authorised share Capital

As at April 01, 2018
Increase/ decrease during the year
As at March 31, 2019
Increase/ decrease during the year
As at March 31, 2020
Increase/ decrease during the year
As at March 31, 2021
Increase/ decrease during the three months period
As at June 30, 2021

Equity Shares			
Class A shares	Class B shares	Total	
Number (in million)	Number (in million)	Number (in million)	
1.00	2.00	3.00	
-	-	-	
1.00	2.00	3.00	
-	-	-	
1.00	2.00	3.00	
-	-	-	
1.00	2.00	3.00	
-	-	-	
1.00	2.00	3.00	

Issued equity capital

As at April 01, 2018
Increase/ decrease during the year
As at March 31, 2019
Increase/ decrease during the year
As at March 31, 2020
Increase/ decrease during the year
As at March 31, 2021
Increase/ decrease during the three months period
As at June 30, 2021

Equity Shares				
Class A shares	Class B shares	Total		
Number (in million)	Number (in million)	Number (in million)	₹ in Million	
1.00	0.13	1.13	0.03	
-	0.08	0.08	0.01	
1.00	0.21	1.21	0.04	
-	-	-	-	
1.00	0.21	1.21	0.04	
-	-	-	-	
1.00	0.21	1.21	0.04	
-	-	-	-	
1.00	0.21	1.21	0.04	

The LLC is authorized to issue **Class A Units(Voting shares)**, which units have both financial and governance right.  
The holders of Class A units are entitled to one vote for each unit held of record on all matters voted upon by the members and may not cumulate votes for the election of governors.  
(i)The LLC hass issued 10,00,000 shares(Class A Shares) at \$ 250 (INR 15,475)  
(ii) There is no conversion or preemptive rights with respect to the units.

The LLC is authorized to issue **Class B Units(Non Voting)**, which units have financial rights but no governance rights.  
(i)The LLC has issued 2,08,948 number of shares(Class B Shares) at \$300(INR 20,077).  
(ii) The LLC reerves the right to grant additional Warrants for Class B units to Business Advisory Board members and to other individuals or companies providing services to the LLC.

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the period/years

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
R. Edward Bergmark Trust	2,01,440	0.02	2,01,440	0.02	2,01,440	0.02	2,01,440	0.02	1,25,900	0.01
BI worldwide	1,50,000	0.01	1,50,000	0.01	1,50,000	0.01	1,50,000	0.01	1,50,000	0.01
Warren G Herreid II	7,508	0.00	7,508	0.00	7,508	0.00	7,508	0.00	7,508	0.00
John Tschida	5,52,500	0.00	5,52,500	0.00	5,52,500	0.00	5,52,500	0.00	5,52,500	0.00
Persuade Strategic Partners LLC	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01
	12,08,948	0.04	12,08,948	0.04	12,08,948	0.04	12,08,948	0.04	11,33,408	0.03

**(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the LLC**

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
R. Edward Bergmark Trust	2,01,440	16.66%	2,01,440	16.66%	2,01,440	16.66%	2,01,440	16.66%	1,25,900	11.11%
BI worldwide	1,50,000	12.41%	1,50,000	12.41%	1,50,000	12.41%	1,50,000	12.41%	1,50,000	13.23%
John Tschida	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	48.75%
Persuade Strategic Partners LLC	2,97,500	24.61%	2,97,500	24.61%	2,97,500	24.61%	2,97,500	24.61%	2,97,500	26.25%
	<b>12,01,440</b>	<b>99.38%</b>	<b>12,01,440</b>	<b>99.38%</b>	<b>12,01,440</b>	<b>99.38%</b>	<b>12,01,440</b>	<b>99.38%</b>	<b>11,25,900</b>	<b>99.34%</b>

**(c) Details of shares held by promoters at the end of the period/years**

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
John Tschida	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	48.75%
	<b>5,52,500</b>	<b>45.70%</b>	<b>5,52,500</b>	<b>45.70%</b>	<b>5,52,500</b>	<b>45.70%</b>	<b>5,52,500</b>	<b>45.70%</b>	<b>5,52,500</b>	<b>48.75%</b>

**(d) % change in promoters shareholding**

Name of the shareholder	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	% change	% change	% change	% change
John Tschida	-	-	-	(3.05%)

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**6 Other equity**

Particulars	Items of Other Comprehensive Income	Reserve and surplus		Total other equity
	Foreign Currency Translation difference account	Retained earnings	Share based payments reserve	
<b>Balance as at April 01, 2018</b>	-	<b>2.81</b>	<b>3.95</b>	<b>6.76</b>
Profit/(Loss) for the year	-	4.69	-	4.69
Other comprehensive income/(loss)	0.41	-	-	0.41
<b>Balance as at March 31, 2019</b>	<b>0.41</b>	<b>7.50</b>	<b>3.95</b>	<b>11.86</b>
Profit/(Loss) for the year	-	4.25	-	4.25
Other comprehensive income/(loss)	1.34	-	-	1.34
<b>Balance as at March 31, 2020</b>	<b>1.75</b>	<b>11.75</b>	<b>3.95</b>	<b>17.45</b>
Profit/(Loss) for the year	-	2.33	-	2.33
Other comprehensive income/(loss)	(0.53)	-	-	(0.53)
<b>Balance as at March 31, 2021</b>	<b>1.22</b>	<b>14.08</b>	<b>3.95</b>	<b>19.25</b>
Profit/(Loss) for the period	-	-	-	-
Other comprehensive income/(loss)	0.29	-	-	0.29
<b>Balance as at June 30, 2021</b>	<b>1.51</b>	<b>14.08</b>	<b>3.95</b>	<b>19.54</b>

**Retained earnings**

Retained Earnings are the profits of the LLC earned till date net of appropriations

**Foreign currency translation difference account**

The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the LLC from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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7. Trade payables

At amortised cost

Total outstanding dues of micro enterprises and small enterprises 1,2  
Total outstanding dues of creditors other than micro enterprises and small enterprises 1

The above amount includes:

Trade payables to related parties (refer note 13 )  
Trade payables to others

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	-	-	-	-	-
	0.03	0.03	0.03	0.02	0.02
	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>
	-	-	-	-	-
	0.03	0.03	0.03	0.02	0.02
	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>

1. Trade payables are non-interest bearing and are normally settled at 30 to 90 days terms.

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the LLC. The LLC has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

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7. Trade payables (Contd.)

Disclosure relating to suppliers registered under Micro, Small and Medium Enterprises Development Act based on the information available with the LLC:

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Amount remaining unpaid to any supplier at the end of each accounting period/year:					
- The principal amount	-	-	-	-	-
- The interest due thereon	-	-	-	-	-
(b) the amount paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), to the supplier beyond the appointed day during each accounting period/year;	-	-	-	-	-
- Interest paid	-	-	-	-	-
- Principal repaid	-	-	-	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting period/year; and	-	-	-	-	-
(e) 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 of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-	-

Trade Payables ageing schedule

Particulars	Outstanding from due date of payment as on June 30, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.03	-	-	-	0.03
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>

Particulars	Outstanding from due date of payment as on March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.03	-	-	-	0.03
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>

Particulars	Outstanding from due date of payment as on March 31, 2020				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.03	-	-	-	0.03
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>

Particulars	Outstanding from due date of payment as on March 31, 2019				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.02	-	-	-	0.02
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.02</b>

There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule.

8. Revenue from operations

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
--	--	--------------------------------------	--------------------------------------	--------------------------------------

Revenue from sale of services

Service income from group companies (refer 13)

-	2.33	4.25	4.69
-	<b>2.33</b>	<b>4.25</b>	<b>4.69</b>

Revenue by geography

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
USA	-	2.33	4.25	4.69
Outside USA	-	-	-	-
-	<b>2.33</b>	<b>4.25</b>	<b>4.25</b>	<b>4.69</b>

9. Employee Benefit expenses

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee stock option expense	-	-	-	-
-	-	-	-	-

# 10 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to equity holders of the LLC	-	2.33	4.25	4.69
Weighted average number of equity shares for basic EPS	1.21	1.21	1.21	1.14
Effect of dilution	0.04	0.04	0.04	0.04
Weighted average number of equity shares adjusted for the effect of dilution	1.25	1.25	1.25	1.18
Basic earnings per share	-	1.93	3.51	4.11
Diluted earnings per share	-	1.86	3.40	3.97

# 11 Contingent Liabilities not provided for in respect of –

Claims against the LLC not acknowledged as debt

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	-	-	-	-
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	-	-	-	-

# 12 Capital & other commitments

Capital commitments

# 13 Related party disclosure

i) List of related parties and relationship:

**Name of related party**  
Persuade loyalty LLC.  
Technical realities Inc.  
Jansen computer associates

**Name of relationship**  
Common Partners  
Common Partners  
Common Partners

**Country of Incorporation**  
USA  
USA  
USA

# **Key Managerial Personnel**

John Tschida  
William Jansen

# **Designation**

Partner  
Partner

ii) The LLC has following related party transactions:

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Persuade loyalty LLC</b>				
License fee income	-	2.33	4.25	4.69

ii) The LLC has following balance with related party at year end:

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Persuade loyalty LLC</b>				
Trade Receivables (License fee receivable)	19.55	19.26	17.46	11.86

# 14 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

• Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 - 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).

• Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 & level 2 fair value measurements.

The following table presents fair value of assets and liabilities which are measured at amortised cost:

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial assets measured at amortised cost</b>				
Current				
Trade receivables	19.55	19.26	17.46	11.86
Cash and Cash equivalents	0.06	0.06	0.06	0.06
<b>Financial liabilities measured at amortized cost</b>				
Current				
Financial liabilities				
Trade Payables	0.03	0.03	0.03	0.02

The carrying amount of cash and bank balances, trade receivables, trade payables are considered to be the same as their fair values, since they are short-term in nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

**15 Financial risk management objectives and policies**

The LLC is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The LLC's risk management is coordinated by the Designated partners and focuses on securing long term and short term cash flows.

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk, currency risk.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the LLC does not have any exposure to foreign currency at each reporting date, the LLC does not have foreign currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The LLC does not have exposure to interest rate risk since they do not have any liabilities which are subject to variable interest rate.

**(B) Credit risk**

Credit risk is the risk of financial loss to the LLC if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the LLC's receivables from customers and deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The LLC assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The LLC limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The LLC does a proper financial and credibility check on the landlords before taking any property on lease and has not had instances of non-refund of security deposit on vacating the leased property. The LLC does not foresee any credit risks on deposits with regulatory authorities.

The following table summarizes the changes in loss allowances measured using life time expected credit loss model -

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Provision	-	-	-	-
Provision during the year	-	-	-	-
Reversal of provision	-	-	-	-
<b>Closing provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(C) Liquidity risk**

Liquidity risk is the risk that the LLC will not be able to meet its financial obligations as they become due. The LLC manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the LLC's financial liabilities:

	Less than 12 months	More than 12 months	Total
<b>June 30, 2021</b>			
Trade Payables	0.03	-	0.03
	<b>0.03</b>	<b>-</b>	<b>0.03</b>
<b>March 31, 2021</b>			
Trade Payables	0.03	-	0.03
	<b>0.03</b>	<b>-</b>	<b>0.03</b>
<b>March 31, 2020</b>			
Trade Payables	0.03	-	0.03
	<b>0.03</b>	<b>-</b>	<b>0.03</b>
<b>March 31, 2019</b>			
Trade Payables	0.02	-	0.02
	<b>0.02</b>	<b>-</b>	<b>0.02</b>

**16 Capital Management**

The LLC's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the capital management using Debt-Equity ratio, and expects the ratio below 2.

For the each reporting period ended the entity is fully financed by its own equity with no external borrowings.

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**Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**  
**Notes to Special Purpose Financial Statements**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

**17 Ratios**

Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019	Variance % (30 June 2021 vs 31 March 2021)	Variance % (31 March 2021 vs 31 March 2020)	Variance % (31 March 2020 vs 31 March 2019)	Reasons for variance of more than 25% ( March 2021 vs March 2020)	Reasons for variance of more than 25% ( March 2020 vs March 2019)
Current ratio	653.67	644.00	584.00	596.00	Not applicable	10.27%	(2.01%)	-	Increase in trade receivables on account of license fees receivables
Debt equity ratio*	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-	-
Debt service coverage ratio*	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-	-
Return on equity ratio	-	0.12	0.24	0.39	Not applicable	(50.00%)	(38.46%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.
Trade receivable turnover ratio	-	0.13	0.29	0.50	Not applicable	(55.17%)	(42.00%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.
Trade payables turnover ratio	-	77.67	141.67	234.50	Not applicable	(45.18%)	(39.59%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	-
Net capital turnover ratio	-	0.12	0.24	0.39	Not applicable	(50.00%)	(38.46%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.
Net profit ratio	-	1.00	1.00	1.00	Not applicable	0.00%	0.00%	-	-
Return on capital employed	-	0.12	0.24	0.39	Not applicable	(50.00%)	(38.46%)	The LLC doesn't have expenses, hence the trend is in line with the change in revenue	The LLC doesn't have expenses, hence the trend is in line with the change in revenue
Return on investment	-	38.83	70.83	78.17	Not applicable	(45.18%)	(9.39%)	The LLC doesn't have expenses, hence the trend is in line with the change in revenue	-

\*The LLC does not have any debts.

**Reasons for variance of more than 25% (30 June 2021 vs 31 March 2021)**

1. Due to the outbreak of Covid-19, the operations of the LLC including purchases and revenue were affected during the three month period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable.

**Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)**  
**Notes to Special Purpose Financial Statements**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

**17 Ratios (Contd.)**

**Elements of ratios**

Ratios	Numerator	Denominator	June 30, 2021		March 31, 2021		March 31, 2020		March 31, 2019	
			Numerator	Denominator	Numerator	Denominator	Numerator	Denominator	Numerator	Denominator
Current ratio	Current assets	Current liabilities	19.61	0.03	19.32	0.03	17.52	0.03	11.92	0.02
Debt equity ratio*	Debt	Total Equity	-	19.58	-	19.29	-	17.49	-	11.90
Debt service coverage ratio*	EBITDA	Debt (Borrowings)	-	-	2.33	-	4.25	-	4.69	-
Return on equity ratio	Profit for the period	Total Equity	-	19.58	2.33	19.29	4.25	17.49	4.69	11.90
Trade receivable turnover ratio	Revenue from operations	Average Trade Receivables	-	19.41	2.33	18.36	4.25	14.66	4.69	9.31
Trade payables turnover ratio	Revenue from operations	Average Trade Payables	-	0.03	2.33	0.03	4.25	0.03	4.69	0.02
Net capital turnover ratio	Revenue from operations	Total Equity	-	19.58	2.33	19.29	4.25	17.49	4.69	11.90
Net profit ratio	Profit for the period	Revenue from operations	-	-	2.33	2.33	4.25	4.25	4.69	4.69
Return on capital employed	Profit before tax and interest(EBIT)	Equity + Non current liabilities	-	19.58	2.33	19.29	4.25	17.49	4.69	11.90
Return on investment	Net profit	Current investments + Non current Investments + Other bank balances	-	0.06	2.33	0.06	4.25	0.06	4.69	0.06

# 18 Segment Reporting

The LLC's operations predominantly relate to providing software development services. The Chief Operating Decision Maker(CODM) reviews the operations of the LLC as one operating segment. Hence no separate segment information has been furnished herewith.

# 19 Share Based Payments

The LLC has issued warrants to purchase 40,751 Class B units to its employees. The table below summarizes the key details:

Particulars	Details
Name	Warrant for Purchase of Membership Units.
Type	Equity Settled Share Based Payment Transaction.
Description	Pursuant to the LLC's Member Control Agreement, the LLC has issued warrants to purchase 40,751 Class B units to its employees. The LLC's Class B units have financial rights but not governance rights.
Vesting Schedule	The vesting schedule is specified in the grant letter of each employee and may vary from employee to employee.
Exercise period	The vested options can be exercised by the employee prior to the date of expiration as mentioned in the grant letter.
Exercise price / strike price	The exercise price is \$ 0.01 per share.

In accordance with group accounting policies, the LLC has accounted for these warrants. The number and the exercise price of the warrants are as follows:

Table showing the movement of stock options during the year

Particulars	For the three months period ended June 30, 2021		For the year ended March 31, 2021		For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of warrants	Weighted average exercise price in \$	Number of warrants	Weighted average exercise price in \$	Number of warrants	Weighted average exercise price in \$	Number of warrants	Weighted average exercise price in \$
Outstanding at the beginning	42,751	\$0.01	42,751	\$0.01	42,751	\$0.01	42,751	\$0.01
Granted during the year/period	-	-	-	-	-	-	-	-
Forfeited/lapsed during the year/period	-	-	-	-	-	-	-	-
Exercised during the year/period	-	-	-	-	-	-	-	-
Outstanding at the end of the year/period	42,751	\$0.01	42,751	\$0.01	42,751	\$0.01	42,751	\$0.01
Exercisable at the end of the year/period	42,751		42,751		42,751		42,751	

The fair value of each option is estimated on the date of grant using the Black Scholes model. The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are as under:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Risk Free Interest Rate*	1.27%	0.88%	1.82%	2.88%
2. Expected life (in years)	9.17	9.72	9.87	9.45
3. Expected volatility	32.09%	32.09%	32.09%	38.58%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%

\* 1 year average of United states' 10 year bond yield

- 20** The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

The management has made an assessment of the impact of COVID-19 on the LLC's operations, financial performance and position as at and for the year ended March 31, 2020, March 31, 2021 & June 30, 2021 and has concluded that there is no significant impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

# 21 Subsequent Events

Pursuant to a certificate under Minnesota Statutes dated August 31, 2021, the entity has undergone a change in its legal structure from 'Persuade Holdings LLC' to 'Persuade Holdings Inc.' and based on the merger agreement dated September 01, 2021, the entity got merged with Vessel Merger Sub, Inc., a Minnesota corporation, which was a wholly owned subsidiary of Capillary Pte Ltd., thereby Vessel Merger Sub, Inc. ceased to exist. Owing to this, Persuade Holdings Inc. became a wholly subsidiary of Capillary Pte Ltd.

**For MSKA & Associates**  
**Chartered Accountants**  
Firm Registration No.:105047W

**For and on behalf of Persuade Holdings Inc.**  
**(formerly known as Persuade Holdings LLC)**

**Deepak Rao**  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

**John Tshicha**  
Authorised Signatory

Place:  
Date:

**William Jansen**  
Authorised Signatory

Place:  
Date:



## **INDEPENDENT AUDITOR’S REPORT**

### **To the Designated Partners of Persuade Loyalty LLC**

#### **Report on the Audit of the Special Purpose Financial Statements**

##### **Opinion**

We have audited the special purpose financial statements of Persuade Loyalty LLC (the “entity”), which comprise the Balance Sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flows Statement for the three months period April 01, 2021 to June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying special purpose financial statements give a true and fair view in conformity with the group accounting policies and other accounting principles followed by the group, of the state of affairs of the entity as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 and of its financial performance, total comprehensive income / loss for the period ended and year ended, its statement of changes in equity and its cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements’ section of our report. We are independent of the entity in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the special purpose financial statements in India issued by Institute of Chartered Accountants of India (ICAI) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Emphasis of Matter - Basis of Preparation**

We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of preparation of the special purpose financial statements. The special purpose financial statements are prepared for the purpose of assisting the Holding Company in its proforma financial reporting, Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus, therefore the special purpose financial statements may not be suitable for any another purpose.

Our opinion is not modified in respect of this matter.

##### **Responsibilities of Management and Those charged with Governance for the Special Purpose Financial Statements**

Management is responsible for the preparation and fair presentation of these special purpose financial statements that give a true and fair view in accordance with the financial reporting provisions of the group and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special purpose financial statements, management is responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the entity’s financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 special purpose 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Other matter - Restriction on Distribution and Use**

The accompanying Special Purpose Financial Statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited, Holding Company (formerly known as Capillary Technologies India Private Limited) for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018 and inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus and for the use by the current statutory auditor of Capillary Technologies India Limited's (formerly known as Capillary Technologies India Private Limited) in connection with the Capillary Technologies India Limited's (formerly known as Capillary Technologies India Private Limited) proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose. MSKA & Associates shall not be liable to the entity or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

**For MSKA & Associates**

Chartered Accountants

Firm Registration No.: 105047W

**Deepak Rao**

Partner

Membership No: 113292

UDIN: 21113292AAAARB6977

Place: Bengaluru

Date: December 8, 2021

**Persuade Loyalty LLC**  
**Special Purpose Financial Statements**  
**Balance Sheet as at 30 June 2021, 31 March 2020 and 31 March 2019**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

	Notes	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>I Assets</b>						
<b>(1) Non-current assets</b>						
(a) Property, plant and equipment	4	2.76	1.81	0.46	0.70	0.52
(b) Intangible assets	5(a)	7.28	6.17	-	-	-
(c) Intangible assets under development	5(b)	-	-	0.83	-	-
(d) Right-of-use assets	23	1.80	3.31	6.89	2.72	6.76
(e) Financial assets						
(i) Other financial assets	8	-	-	0.62	-	0.52
		<b>11.84</b>	<b>11.29</b>	<b>8.80</b>	<b>3.42</b>	<b>7.80</b>
<b>(2) Current assets</b>						
(a) Financial assets						
(i) Trade receivables	6	49.30	64.20	15.38	13.55	13.08
(ii) Cash and cash equivalents	7	40.52	27.21	14.35	9.71	24.39
(iii) Other financial assets	8	1.52	0.62	2.06	16.35	1.48
(b) Other current assets	9	-	-	-	0.02	0.01
		<b>91.34</b>	<b>92.03</b>	<b>31.79</b>	<b>39.63</b>	<b>38.96</b>
<b>Total assets (1+2)</b>		<b>103.18</b>	<b>103.32</b>	<b>40.59</b>	<b>43.05</b>	<b>46.76</b>
<b>II Equity and liabilities</b>						
<b>(1) Equity</b>						
(a) Equity share capital	10	67.40	67.40	67.40	67.40	45.93
(b) Other equity	10	(44.36)	(69.93)	(86.21)	(39.60)	(13.76)
<b>Total equity</b>		<b>23.04</b>	<b>(2.53)</b>	<b>(18.81)</b>	<b>27.80</b>	<b>32.17</b>
<b>(2) Non-current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	11	11.89	11.71	-	-	-
(ii) Lease liabilities	23	-	-	2.68	-	2.65
		<b>11.89</b>	<b>11.71</b>	<b>2.68</b>	<b>-</b>	<b>2.65</b>
<b>(3) Current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	11	-	-	7.72	-	-
(ii) Lease liabilities	23	1.75	3.23	4.14	2.65	4.11
(iii) Trade payables	12	-	-	-	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		36.75	37.29	35.07	11.90	6.80
(iv) Other financial liabilities	13	11.87	15.09	7.74	0.70	1.03
(b) Other current liabilities	14	17.88	38.53	2.05	-	-
		<b>68.25</b>	<b>94.14</b>	<b>56.72</b>	<b>15.25</b>	<b>11.94</b>
<b>Total liabilities (2+3)</b>		<b>80.14</b>	<b>105.85</b>	<b>59.40</b>	<b>15.25</b>	<b>14.59</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>103.18</b>	<b>103.32</b>	<b>40.59</b>	<b>43.05</b>	<b>46.76</b>
Significant accounting policies	2					

The accompanying notes are an integral part of the special purpose financial statements.

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

**For and on behalf of Persuade Loyalty LLC**

**Deepak Rao**  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

**John Tschida**  
Authorised Signatory  
Place:  
Date:

**William Jansen**  
Authorised Signatory  
Place:  
Date:

**Persuade Loyalty LLC**

**Special Purpose Financial Statements**

**Statement of Profit and Loss for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019**

(All amounts in Indian rupees millions, except as otherwise stated)

	Notes	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Income</b>					
Revenue from operations	15	123.95	246.41	128.53	84.66
Other income	16(a)	-	11.16	-	-
Finance income	16(b)	0.01	0.02	0.02	0.02
<b>Total income</b>		<b>123.96</b>	<b>257.59</b>	<b>128.55</b>	<b>84.68</b>
<b>II Expenses</b>					
Professional and consultancy services		22.45	65.49	85.22	56.22
Employee benefits expenses	17	69.41	161.81	84.48	49.59
Depreciation and amortisation expenses	18	2.62	7.12	4.62	4.46
Finance costs	19	0.80	3.53	2.48	0.47
Other expenses	20	8.76	25.47	50.72	24.53
<b>Total expenses</b>		<b>104.04</b>	<b>263.42</b>	<b>227.52</b>	<b>135.27</b>
<b>III Profit/ (loss) before tax (I - II)</b>		<b>19.92</b>	<b>(5.83)</b>	<b>(98.97)</b>	<b>(50.59)</b>
<b>IV Tax expense</b>					
(a) Current tax		-	-	-	-
(b) Deferred tax charge/ (credit)		-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V Profit/ (loss)/ for the period/ year (III - IV)</b>		<b>19.92</b>	<b>(5.83)</b>	<b>(98.97)</b>	<b>(50.59)</b>
<b>VI Other comprehensive income</b>					
(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
(i) Exchange differences on translating the financial statements		(0.95)	1.49	0.57	2.25
<b>Total other comprehensive (loss)/ income for the period/ year, net of tax</b>		<b>(0.95)</b>	<b>1.49</b>	<b>0.57</b>	<b>2.25</b>
<b>VII Total comprehensive (loss)/ income for the period/ year, net of tax (V + VI)</b>		<b>18.97</b>	<b>(4.34)</b>	<b>(98.40)</b>	<b>(48.34)</b>
<b>Earnings per equity share (EPS)</b>					
Basic (₹)	21	14.98	(4.38)	(74.41)	(41.47)
Diluted (₹)	21	8.44	(4.38)	(74.41)	(41.47)
Significant accounting policies	2				

The accompanying notes are an integral part of the special purpose financial statements.

For and on behalf of Persuade Loyalty LLC

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No. 105047W

**Deepak Rao**  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

**John Tschida**  
Authorised Signatory

Place:  
Date:

**William Jansen**  
Authorised Signatory

Place:  
Date:

**Persuade Loyalty LLC**

**Special Purpose Financial Statements**

**Statement of Cash flows for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019**

(All amounts in Indian rupees millions, except as otherwise stated)

	For the three months ended 30 June 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Cash flow from/(used in) operating activities</b>				
Profit / (loss) before tax	19.92	(5.83)	(98.97)	(50.59)
<u>Adjustments to reconcile (loss) / profit before tax to net cash flows</u>				
Depreciation and amortisation expenses	2.62	7.12	4.62	4.46
Stock option expenses	6.60	20.62	51.79	22.62
Finance income	(0.01)	(0.02)	(0.02)	(0.02)
Finance costs	0.46	1.86	1.45	0.13
Provision for doubtful trade receivables and advances (including bad debts written off)	0.21	1.14	17.34	-
<b>Operating profit before working capital changes</b>	<b>29.80</b>	<b>24.89</b>	<b>(23.79)</b>	<b>(23.40)</b>
<b>Working capital adjustments :</b>				
(Increase) / decrease in trade receivables	14.41	(49.47)	(19.07)	(0.16)
Decrease / (increase) in non-current and current other financial and other assets	(1.11)	2.28	13.80	(13.73)
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities	(24.87)	46.85	32.63	6.10
<b>Cash generated (used in) / from operations</b>	<b>18.23</b>	<b>24.55</b>	<b>3.57</b>	<b>(31.19)</b>
Direct taxes (paid) / refund	-	-	-	-
<b>Net cash flow (used in) / from operating activities (A)</b>	<b>18.23</b>	<b>24.55</b>	<b>3.57</b>	<b>(31.19)</b>
<b>Cash flow from/ (used in) Investing activities</b>				
Purchase of property, plant and equipment including intangible assets	(3.16)	(7.92)	(1.08)	(0.60)
<b>Net cash used in investing activities (B)</b>	<b>(3.16)</b>	<b>(7.92)</b>	<b>(1.08)</b>	<b>(0.60)</b>
<b>Cash flows from/ (used in) financing activities</b>				
Proceeds from issuance of equity share capital	-	-	-	21.35
Finance costs paid	(0.38)	(1.69)	(1.30)	(0.05)
Proceeds from/ (repayment) of borrowings, net	0.18	3.99	7.72	-
Payment of lease liabilities	(1.56)	(6.07)	(4.27)	(4.19)
<b>Net (used in) / cash from financing activities (C)</b>	<b>(1.76)</b>	<b>(3.77)</b>	<b>2.15</b>	<b>17.11</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>13.31</b>	<b>12.86</b>	<b>4.64</b>	<b>(14.68)</b>
Cash and cash equivalents at the beginning of the period/ year	27.21	14.35	9.71	24.39
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>40.52</b>	<b>27.21</b>	<b>14.35</b>	<b>9.71</b>

**Persuade Loyalty LLC****Special Purpose Financial Statements****Statement of Cash flows for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019**

(All amounts in Indian rupees millions, except as otherwise stated)

**Explanatory notes to statements of cash flows**

-Changes in liabilities arising from financing activities:-

Particulars	Long term Borrowings (refer note 11)	Short term Borrowings (refer note 11)	Lease liabilities (including current portion of lease liabilities) (refer note 23)
As of April 1, 2018	-	-	6.76
<b>Cash flow changes</b>			
Proceeds from/ (repayment) of borrowings, net	-	-	-
Payment of lease liabilities	-	-	(4.19)
<b>Non-cash changes</b>			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.08
Recognition of lease liabilities (refer note 23)	-	-	-
As of March 31, 2019	-	-	2.65
<b>Cash flow changes</b>			
Proceeds from/ (repayment) of borrowings, net	-	7.72	-
Payment of lease liabilities	-	-	(4.27)
<b>Non-cash changes</b>			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.15
Recognition of lease liabilities (refer note 23)	-	-	8.29
As of March 31, 2020	-	7.72	6.82
<b>Cash flow changes</b>			
Proceeds from/ (repayment) of borrowings, net	11.71	(7.72)	-
Payment of lease liabilities	-	-	(6.07)
<b>Non-cash changes</b>			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.17
Recognition of lease liabilities (refer note 23)	-	-	2.31
<b>As of March 31, 2021</b>	<b>11.71</b>	<b>-</b>	<b>3.23</b>
<b>Cash flow changes</b>			
Proceeds from/ (repayment) of borrowings, net	0.18	-	-
Payment of lease liabilities	-	-	(1.56)
<b>Non-cash changes</b>			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.08
Recognition of lease liabilities (refer note 23)	-	-	-
<b>As of June 30, 2021</b>	<b>11.89</b>	<b>-</b>	<b>1.75</b>

Summary of significant accounting policies (refer note 2)

The accompanying notes are an integral part of the special purpose financial statements.

**For MSKA & Associates**

Chartered Accountants

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No: 113292

Place: Bengaluru

Date:

**For and on behalf of Persuade Loyalty LLC****John Tschida**

Authorised Signatory

Place:

Date:

**William Jansen**

Authorised Signatory

Place:

Date:

**Persuade Loyalty LLC**

**Special Purpose Financial Statements**

**Statement of Changes in Equity for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019**

(All amounts in Indian rupees millions, except as otherwise stated)

(a)	<b>Equity Share capital</b>	<b>Total</b>
	At April 01, 2018	45.93
	Add: Issued during the year*	21.47
	At March 31, 2019	67.40
	At April 01, 2019	67.40
	Add: Issued during the year	-
	At March 31, 2020	67.40
	At April 01, 2020	67.40
	Add: Issued during the year	-
	At March 31, 2021	67.40
	At April 01, 2021	67.40
	Add: Issued during the year	-
	At June 30, 2021	67.40

\* During the financial year 2018-19, one of the warrant holders holding 10,000 units exercised their rights to convert such warrants to Class 'B' Units amounting to Rs. 0.13 million.

(b)	<b>Other equity</b>			
Particulars	Items of Other Comprehensive Income	Reserve and surplus		Total other equity
	Foreign Currency translation difference account	Retained earnings	Share based payments reserve	
<b>Balance as at April 01, 2018</b>	-	(51.67)	37.91	(13.76)
Profit/(loss) for the year	-	(50.59)	-	(50.59)
Other comprehensive (loss)/income for the year(net of taxes)	2.25	-	-	2.25
Stock option expense for the year (Refer Note 33)	-	-	22.50	22.50
<b>Balance as at March 31, 2019</b>	<b>2.25</b>	<b>(102.26)</b>	<b>60.41</b>	<b>(39.60)</b>
Profit/(loss) for the year	-	(98.97)	-	(98.97)
Other comprehensive (loss)/income for the year(net of taxes)	0.57	-	-	0.57
Stock option expense for the year (Refer Note 33)	-	-	51.79	51.79
<b>Balance as at March 31, 2020</b>	<b>2.82</b>	<b>(201.23)</b>	<b>112.20</b>	<b>(86.21)</b>
Profit/(loss) for the year	-	(5.83)	-	(5.83)
Other comprehensive (loss)/income for the year(net of taxes)	1.49	-	-	1.49
Stock option expense for the year (Refer Note 33)	-	-	20.62	20.62
<b>Balance as at March 31, 2021</b>	<b>4.31</b>	<b>(207.06)</b>	<b>132.82</b>	<b>(69.93)</b>
Profit/(loss) for the period	-	19.92	-	19.92
Other comprehensive (loss)/income for the period(net of taxes)	(0.95)	-	-	(0.95)
Stock option expense for the year (Refer Note 33)	-	-	6.60	6.60
<b>Balance as at June 30, 2021</b>	<b>3.36</b>	<b>(187.14)</b>	<b>139.42</b>	<b>(44.36)</b>

**Retained earnings**

Retained Earnings are the profits of the LLC earned till date net of appropriations

**Foreign currency translation difference account**

The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the LLC from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Summary of significant accounting policies (refer note 2)

The accompanying notes are an integral part of the special purpose financial statements.

**For MSKA & Associates**

Chartered Accountants

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No: 113292

Place: Bengaluru

Date:

**For and on behalf of Persuade Loyalty LLC**

**John Tschida**

Authorised Signatory

Place:

Date:

**William Jansen**

Authorised Signatory

Place:

Date:



## **1 General Information**

Persuade Loyalty LLC ("the LLC") is a Limited Liability Company incorporated in Minnesota of United States of America (USA). The LLC is incorporated in USA and is engaged in the software development services and provides digital, loyalty and analytical services. Persuade Loyalty LLC is a limited liability company incorporated and domiciled in USA. The address of its registered office is 222 North Second Street, Suite 200 Minneapolis, MN 55401.

## **2 Significant accounting policies**

Significant accounting policies adopted by the LLC are as under:

### **2.1 Basis of Preparation of Special Purpose Financial Statements**

#### **(a) Basis of preparation**

The special purpose financial statements of the LLC have been prepared in accordance with the group accounting policies as per Ind AS as adopted in Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited', India (formerly known as 'Capillary Technologies India Private Limited').

In addition, the LLC has complied with accounting policies and presentation requirements as adopted by the group company for all the historical financial years, to make the accounting policies and presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

- a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The special purpose financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The LLC has prepared the special purpose financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these special purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

The special purpose financial statements provide comparative information in respect of the previous period. In addition, the LLC presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in special purpose financial statements.

#### **(b) Basis of measurement**

The special purpose financial statements have been prepared on a historical cost convention on accrual basis, except for items that have been measured at fair value as required by relevant group accounting policies.

##### **Current versus non-current classification**

The LLC presents assets and liabilities in the Financial Statements on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

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

All assets and liabilities have been classified as current or non-current as per the LLC's operating cycle and other as per group accounting policies. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the LLC has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

#### **(c) Use of estimates**

The preparation of special purpose financial statements in conformity with group accounting policies requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying special purpose financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the special purpose financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

## 2.2 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 plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the LLC depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The LLC reviews the estimated residual values and expected useful lives of assets at least annually.

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

The LLC 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

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

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.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

## 2.2 Property, plant and equipment (Contd.)

### 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. 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Internally generated intangible assets are amortised on straight line basis over their useful life.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the LLC can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

### Depreciation methods, estimated useful lives

Depreciation on property, plant and equipment is calculated using written down value method using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under group accounting policies.

### Property, plant and equipment

### Useful life estimated by management (Years)

Computers

3

Furniture and Fixtures

10

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 identified components, if any, are depreciated over their useful life and the remaining assets are depreciated over the principal asset.

Leasehold improvements are amortized over the remaining primary period of lease or its estimated useful life, whichever is lower, on a straight-line basis.

Internally generated software is amortized over the useful life of 3 years on straight-line basis, as estimated by the management.

**Persuade Loyalty LLC**

**Notes to the special purpose financial statements**

**(All amounts in Indian rupees millions, except as otherwise stated)**

**2.3 Borrowing Cost**

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. 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.

**2.4 Foreign Currency Transactions**

**(a) Functional and presentation currency**

Items included in the special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates which is USD ('the functional currency'). The special purpose financial statements are presented in Indian rupee (INR), which is the LLC's presentation currency. Transactions in functional currency is translated into presentation currency at the exchange rates and are included in other comprehensive income(OCI), net of taxes as exchange difference on translation of foreign exchange.

**(b) Transactions and balances**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

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:

- a) 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.
- b) Exchange differences arising on monetary items that are designated as part of the hedge of the LLC'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.
- c) 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).

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

**2.5 Revenue Recognition**

Revenue is recognized upon transfer of control of promised services to the customers in an amount that reflects the consideration the LLC expects to receive in exchange for those services and where there is no uncertainty as to measurement or collectability of consideration. The LLC has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer. As per the group accounting policies, the LLC evaluates revenue recognition through a five-step process: (1) identifying a contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when (or as) the entity satisfies a performance obligation.

**Retainer services**

The LLC is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

**Installation services**

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

Revenue from consulting services is recognised under the proportionate completion method where revenue is recognised based on services performed to date as a percentage of total services to be performed. Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the LLC has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the LLC has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the LLC performs under the contract.

Revenue from contracts that include combinations of products, support and professional services are accounted for as separate performance obligations with differing revenue recognition patterns.

**Contract assets and liabilities**

**Contract assets**

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

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

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

‘Unbilled revenue’ included in other financial assets represents revenue recognized in excess of billings as at the balance sheet date.

‘Deferred revenue’ included in other current liabilities represents billings in excess of revenue recognized.

As per group accounting policies, direct and incremental costs to acquire a contract such as sales commissions are capitalized and amortized using a systematic basis over the pattern of transfer of the goods and services to which the asset relates. The unamortized portion of such costs are disclosed as ‘deferred costs’ under other assets.

**Licence Income**

License income is recognized when the performance obligation to which some or all of the sales-based or usage-based License has been allocated has been satisfied (or partially satisfied).

**Finance Income**

Interest Income is recognised on a basis of effective interest method as set out in group accounting policies, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists. Dividend is recognised when the LLC’s right to receive dividend is established.

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 LLC estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss

**2.6 Taxes**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The LLC’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 LLC 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.

**(a) Income tax**

The major tax jurisdictions for the LLC is United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet 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.

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 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.

## 2.7 Leases

### LLC as a lessee

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

#### i) Right-of-use assets

The LLC 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 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. If ownership of the leased asset transfers to the LLC 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. 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, as follows:

- Office space 2 years

### ii) Lease Liabilities

At the commencement date of the lease, the LLC 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 LLC and payments of penalties for terminating the lease, if the lease term reflects the LLC 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 LLC 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.

### iii) Short-term leases and leases of low-value assets

The LLC applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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.

## **2.8 Impairment of non-financial assets**

As at the end of each accounting year, the LLC reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to 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. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

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

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

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

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

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

The LLC assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LLC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down 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, quoted share prices for publicly traded companies or other available fair value indicators.

The LLC bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the LLC's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the LLC 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 or countries in which the LLC operates, or for the market in which the asset is used.

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

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

## **2.9 Provisions and contingent liabilities**

### **General**

Provisions are recognised when the LLC 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 LLC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

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 LLC 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 LLC does not recognize a contingent liability but discloses its existence in the Financial Statements.

### **Onerous contracts**

If the LLC 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 LLC 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 LLC 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).

Provisions and contingent liability are reviewed at each balance sheet.

## **2.10 Cash and cash equivalents**

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

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

**Persuade Loyalty LLC****Notes to the special purpose financial statements****(All amounts in Indian rupees millions, except as otherwise stated)****2.11 Employee Benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, performance incentives, etc. and are recognised as expense in the period in which the employee renders the related service.

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the LLC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**2.12 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

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

**2.13 Segment Reporting**

An operating segment is a component of the LLC that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the LLC's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as per group accounting policies, the chief operating decision maker evaluates the LLC's performance and allocates resources based on an analysis of various performance indicators by business segments.

**2.14 Fair value measurement**

The LLC measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 accessible to the LLC.

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 LLC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The LLC's management determines the policies and procedures for fair value measurement.

All assets and liabilities for which fair value is measured or disclosed in the special purpose financial statements are categorized 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 financial statements on a recurring basis, the LLC 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 LLC 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
- ▶ Investment in unquoted equity shares
- ▶ Financial instruments (including those carried at amortised cost)

## **2.15 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

### **(a) Financial assets**

#### **(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the LLC's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the LLC has applied the practical expedient, the LLC 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 LLC has applied the practical expedient are measured at the transaction price determined under group accounting policies. Refer to the accounting policies in note 2.5 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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.

The LLC's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

#### **(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) Financial assets at amortised cost (debt instruments)
- b) Financial assets at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through profit or loss

#### **Financial assets at amortised cost (debt instruments)**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the LLC. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The LLC's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

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

#### **Financial assets measured at fair value**

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

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

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

#### **Impairment of financial assets excluding investments in subsidiaries and associates**

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

The LLC 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 group accounting policies.



**Persuade Loyalty LLC****Notes to the special purpose financial statements****(All amounts in Indian rupees millions, except as otherwise stated)**

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 LLC 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 group accounting policies.

If the LLC 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 LLC 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 amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

**Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

**2.15 Financial instruments (Contd.)****Equity instruments**

All equity investments other than subsidiaries, associates & joint ventures are measured at fair value.

Investment in equity instrument of subsidiaries, associates & joint ventures are measured at cost in accordance with group accounting policies.

Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which group accounting policies applies are classified as at FVTPL. For all other equity instruments, the LLC may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The LLC makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

Financial liabilities and equity instruments

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the LLC 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 LLC after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial Liabilities**

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

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

If the LLC decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the LLC may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**(iii) Impairment of financial assets**

For trade receivables and contract assets, the LLC applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the LLC does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The LLC has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The LLC considers a financial asset in default when contractual payments are XX days past due. However, in certain cases, the LLC may also consider a financial asset to be in default when internal or external information indicates that the LLC is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the LLC. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Persuade Loyalty LLC

### Notes to the special purpose financial statements

(All amounts in Indian rupees millions, except as otherwise stated)

#### (iv) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the LLC's consolidated balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The LLC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the LLC has transferred substantially all the risks and rewards of the asset, or (b) the LLC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the LLC has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the LLC continues to recognise the transferred asset to the extent of the LLC's continuing involvement. In that case, the LLC also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the LLC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the LLC could be required to repay.

#### (b) Financial liabilities

##### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The LLC's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities at fair value through profit or loss
- b) Financial liabilities at amortised cost (loans and borrowings)

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the LLC that are not designated as hedging instruments in hedge relationships as defined by group accounting policies. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in group accounting policies are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the LLC may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The LLC has not designated any financial liability as at fair value through profit or loss.

##### Financial liabilities at amortised cost

This is the category most relevant to the LLC. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### (iii) Derecognition

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### (c) Offsetting 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.

## 2.16 Share Based Payments

Designated employees of the LLC receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the group accounting policies, the cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Employee share based payments outstanding" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the LLC's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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

## 2.17 Government grants

The LLC recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as income in the standalone statement of profit and loss upon fulfilment of the conditions attached to the grant received. These grants are presented in the standalone balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate

**Persuade Loyalty LLC**

**Notes to the special purpose financial statements**

**(All amounts in Indian rupees millions, except as otherwise stated)**

**2.18 Rounding off amounts**

All amounts disclosed in special purpose financial statements and notes have been rounded off to the nearest millions as per requirement of group accounting policies, unless otherwise stated.

**3 Significant accounting judgments, estimates and assumptions**

The preparation of special purpose financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 years.

**3.1 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end 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 LLC based its assumptions and estimates on parameters available when the special purpose 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 LLC. Such changes are reflected in the assumptions when they occur.

**(a) Useful lives of property, plant and equipment**

Determination of the estimated useful life of property, plant & equipment and the assessment as to which components of the cost may be capitalised. Useful life of property, plant & equipment is based on the technical evaluation. Assumption also need to be made, when LLC assesses, whether an asset may be capitalised and which components of the cost of the assets may be capitalised.

**(b) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques including DCF model. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgements about these factors could affect the reported fair value of financial instruments.

**(c) Provision for expected credit losses of trade receivables and contract assets**

The LLC estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 6.

**(d) Leases - Estimating the incremental borrowing rate**

The LLC 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 LLC 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 LLC '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 LLC estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**Persuade Loyalty LLC**  
**Notes to the special purpose financial statements**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

**4. Property, plant and equipment**

<b>Particulars</b>	<b>Computers</b>	<b>Furniture and Fixtures</b>	<b>Total</b>
<b>Cost / Deemed cost</b>			
As at April 1, 2018	0.39	1.04	1.43
Additions	0.60	-	0.60
Disposals/adjustments	-	-	-
<b>As at March 31, 2019</b>	<b>0.99</b>	<b>1.04</b>	<b>2.03</b>
Additions	0.25	-	0.25
Disposals/adjustments	-	-	-
<b>As at March 31, 2020</b>	<b>1.24</b>	<b>1.04</b>	<b>2.28</b>
Additions	2.03	-	2.03
Disposals	-	-	-
<b>As at March 31, 2021</b>	<b>3.27</b>	<b>1.04</b>	<b>4.31</b>
Additions	1.35	-	1.35
Disposals/adjustments	-	-	-
<b>As at June 30, 2021</b>	<b>4.62</b>	<b>1.04</b>	<b>5.66</b>
<b>Accumulated Depreciation</b>			
As at April 1, 2018	0.16	0.75	0.91
Charge for the year	0.34	0.08	0.42
Disposals/adjustments	-	-	-
<b>As at March 31, 2019</b>	<b>0.50</b>	<b>0.83</b>	<b>1.33</b>
Charge for the year	0.44	0.05	0.49
Disposals/adjustments	-	-	-
<b>As at March 31, 2020</b>	<b>0.94</b>	<b>0.88</b>	<b>1.82</b>
Charge for the year	0.64	0.04	0.68
Disposals/adjustments	-	-	-
<b>As at March 31, 2021</b>	<b>1.58</b>	<b>0.92</b>	<b>2.50</b>
Charge for the period	0.39	0.01	0.40
Disposals/adjustments	-	-	-
<b>As at June 30, 2021</b>	<b>1.97</b>	<b>0.93</b>	<b>2.90</b>
<b>Net book value</b>			
<b>As at April 1, 2018</b>	<b>0.23</b>	<b>0.29</b>	<b>0.52</b>
<b>As at March 31, 2019</b>	<b>0.49</b>	<b>0.21</b>	<b>0.70</b>
<b>As at March 31, 2020</b>	<b>0.30</b>	<b>0.16</b>	<b>0.46</b>
<b>As at March 31, 2021</b>	<b>1.69</b>	<b>0.12</b>	<b>1.81</b>
<b>As at June 30, 2021</b>	<b>2.65</b>	<b>0.11</b>	<b>2.76</b>

Refer note 11 for information on property, plant and equipment pledged as security by the LLC

5(a) Intangible Assets

Particulars	Internally Generated Software	Total
<b>Cost / Deemed cost</b>		
As at April 1, 2018	-	-
Additions	-	-
Disposals/adjustments	-	-
<b>As at March 31, 2019</b>	-	-
Additions	-	-
Disposals/adjustments	-	-
<b>As at March 31, 2020</b>	-	-
Additions	6.72	6.72
Disposals/adjustments	-	-
<b>As at March 31, 2021</b>	<b>6.72</b>	<b>6.72</b>
Additions	1.82	1.82
Disposals/adjustments	-	-
<b>As at June 30, 2021</b>	<b>8.54</b>	<b>8.54</b>
<b>Accumulated Depreciation</b>		
As at April 1, 2018	-	-
Charge for the year	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	-	-
Charge for the year	-	-
Disposals/adjustments	-	-
<b>As at March 31, 2020</b>	-	-
Charge for the year	0.55	0.55
Disposals/adjustments	-	-
<b>As at March 31, 2021</b>	<b>0.55</b>	<b>0.55</b>
Charge for the period	0.71	0.71
Disposals/adjustments	-	-
<b>As at June 30, 2021</b>	<b>1.26</b>	<b>1.26</b>
<b>Net book value</b>		
As at April 1, 2018	-	-
As at March 31, 2019	-	-
As at March 31, 2020	-	-
As at March 31, 2021	6.17	6.17
<b>As at June 30, 2021</b>	<b>7.28</b>	<b>7.28</b>

5(b) Intangible assets under development

Particulars	Total
<b>As at April 1, 2018</b>	-
Additions	-
Capitalized during the year	-
<b>As at March 31, 2019</b>	-
Additions	0.83
Capitalized during the year	-
<b>As at March 31, 2020</b>	<b>0.83</b>
Additions	-
Capitalized during the year	(0.83)
<b>As at March 31, 2021</b>	-
Additions	-
Capitalized during the period	-
<b>As at June 30, 2021</b>	-

Intangible assets under development (IAUD) Ageing Schedule

Particulars	Outstanding amount				Total
	Less than 1 year	1 -2 Years	2 -3 Years	More than 3 years	
As at March 31, 2019	-	-	-	-	-
As at March 31, 2020	0.83	-	-	-	<b>0.83</b>
As at March 31, 2021	-	-	-	-	-
As at June 30, 2021	-	-	-	-	-

Persuade Loyalty LLC  
Notes to the special purpose financial statements  
(All amounts in Indian rupees millions, except as otherwise stated)

6. Trade receivables

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade receivables - Others <sup>2</sup>	49.30	64.20	15.38	13.55	13.08
Receivable from related parties <sup>1,2</sup>	-	-	-	-	-
<b>Total trade receivables</b>	<b>49.30</b>	<b>64.20</b>	<b>15.38</b>	<b>13.55</b>	<b>13.08</b>
Trade receivables - Unsecured, considered good <sup>1,4</sup>	49.30	64.20	15.38	13.55	13.08
Trade receivables - Unsecured, credit impaired <sup>1,4</sup>	1.38	1.17	17.34	-	-
<b>Impairment allowance (allowance for bad and doubtful debts)</b>	<b>50.68</b>	<b>65.37</b>	<b>32.72</b>	<b>13.55</b>	<b>13.08</b>
Trade receivables - Unsecured, credit impaired <sup>4</sup>	(1.38)	(1.17)	(17.34)	-	-
	<b>49.30</b>	<b>64.20</b>	<b>15.38</b>	<b>13.55</b>	<b>13.08</b>

Trade receivables ageing schedule

Particulars	Current but not due	Outstanding for following periods from due date of payment as on June 30, 2021					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	37.49	11.81	-	-	-	-	49.30
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	0.27	1.11	-	-	-	-	1.38
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>37.76</b>	<b>12.92</b>	-	-	-	-	<b>50.68</b>
Less: Credit impaired	(0.27)	(1.11)	-	-	-	-	(1.38)
<b>Total</b>	<b>37.49</b>	<b>11.81</b>	-	-	-	-	<b>49.30</b>

Particulars	Current but not due	Outstanding for following periods from due date of payment as on March 31, 2021					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	46.05	18.14	-	-	-	-	64.19
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	0.15	1.02	-	-	-	-	1.17
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>46.20</b>	<b>19.16</b>	-	-	-	-	<b>65.36</b>
Less: Credit impaired	(0.15)	(1.02)	-	-	-	-	(1.17)
<b>Total</b>	<b>46.05</b>	<b>18.14</b>	-	-	-	-	<b>64.19</b>

6. Trade Receivables (contd.)

Trade receivables ageing schedule (contd.)

Particulars	Current but not due	Outstanding for following periods from due date of payment as on March 31, 2020					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	12.20	3.18	-	-	-	-	15.38
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	2.22	15.12	-	-	-	-	17.34
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>14.42</b>	<b>18.30</b>	-	-	-	-	<b>32.72</b>
Less: Credit impaired	(2.22)	(15.12)	-	-	-	-	(17.34)
<b>Total</b>	<b>12.20</b>	<b>3.18</b>	-	-	-	-	<b>15.38</b>

Particulars	Current but not due	Outstanding for following periods from due date of payment as on March 31, 2019					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	7.74	5.81	-	-	-	-	13.55
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>7.74</b>	<b>5.81</b>	-	-	-	-	<b>13.55</b>
Less: Credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>7.74</b>	<b>5.81</b>	-	-	-	-	<b>13.55</b>

Notes:

1.Trade receivables are non-interest bearing and are generally within 30 days terms.

2.There are no disputed trade receivables as on 30 June 2021, 31 March 2021, 31 March 2020 and 31 March 2019.

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

4. The following table summarizes the changes in loss allowances measured using life time expected credit loss model -

Expected credit loss allowance	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At the beginning of the period / year	1.17	17.34	-	-	-
Provision made during the period / year	0.21	1.14	17.34	-	-
(Utilized) / (reversed) during the period / year	-	(17.31)	-	-	-
<b>At the end of the period / year</b>	<b>1.38</b>	<b>1.17</b>	<b>17.34</b>	<b>-</b>	<b>-</b>

7. Cash and cash equivalents	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Balances with banks					
On current accounts	40.52	27.21	14.35	9.71	24.39
	<b>40.52</b>	<b>27.21</b>	<b>14.35</b>	<b>9.71</b>	<b>24.39</b>

8. Other financial assets	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Financial instruments at amortised cost</b>					
<b>Non-Current</b>					
Security deposits - others	-	-	0.62	-	0.52
	<b>-</b>	<b>-</b>	<b>0.62</b>	<b>-</b>	<b>0.52</b>
<b>Current</b>					
Security deposits - others	0.63	0.62	-	0.52	-
Unbilled revenue	0.89	-	2.06	15.83	1.48
	<b>1.52</b>	<b>0.62</b>	<b>2.06</b>	<b>16.35</b>	<b>1.48</b>

**Unbilled revenue ageing schedule- Based on the requirements of Schedule III**

Undisputed- considered good	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Current but not due	0.89	-	2.06	15.83
<b>Total</b>	<b>0.89</b>	<b>-</b>	<b>2.06</b>	<b>15.83</b>

9. Other current assets	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
<b>Advances other than capital advances</b>					
Unsecured, considered good	-	-	-	0.02	0.01
	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>0.01</b>

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Persuade Loyalty LLC  
Notes to the special purpose financial statements  
(All amounts in Indian rupees millions, except as otherwise stated)

The LLC has two classes of share capital (Class A & B), referred to herein as equity shares.

10 Authorised share Capital

As at April 01, 2018  
Increase/ decrease during the year  
As at March 31, 2019  
Increase/ decrease during the year  
As at March 31, 2020  
Increase/ decrease during the year  
As at March 31, 2021  
Increase/ decrease during the three months period  
As at June 30, 2021

Issued equity capital

As at April 01, 2018  
Increase/ decrease during the year  
As at March 31, 2019  
Increase/ decrease during the year  
As at March 31, 2020  
Increase/ decrease during the year  
As at March 31, 2021  
Increase/ decrease during the three months period  
As at June 30, 2021

Equity Shares				
Class A shares	Class B shares	Total		
Number (in million)	Number (in million)	Number (in million)	₹ in Million	
1.00	0.20	1.20	45.93	
-	0.13	0.13	21.47	
1.00	0.33	1.33	67.40	
-	-	-	-	
1.00	0.33	1.33	67.40	
-	-	-	-	
1.00	0.33	1.33	67.40	
-	-	-	-	
1.00	0.33	1.33	67.40	
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1.00	0.33	1.33	67.40	
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1.00	0.33	1.33	67.40	
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1.00	0.33	1.33	67.40	
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1.00	0.33	1.33	67.40	
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Class A Units (Voting shares), which units have both financial and governance right.The holders of Class A units are entitled to one vote for each unit held of record on all matters voted upon by the members and may not cumulate votes for the election of governors.  
(i)The LLC has issued 10,00,000 number of shares (Class A Units) at \$ 2,00,300 (INR 122.13, 591)  
(ii) There is no conversion or preemptive rights with respect to the units.

Class B Units (Non Voting), which units have financial rights but no governance rights.  
(i)The LLC has issued 3,27,268 number of shares(Class B Units) at \$8,25,100 (INR 5,50,77,992)  
(ii) The LLC reserves the right to grant additional Warrants for Class B units to Business Advisory Board members and to other individuals or companies providing services to the LLC.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the period/years

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
R Edward Beramark Trust	3,09,760	53.40	3,09,760	53.40	3,09,760	53.40	3,09,760	53.40	1,93,600	32.05
BI Worldwide (Schoeneckers Inc)	1,50,000	12.20	1,50,000	12.20	1,50,000	12.20	1,50,000	12.20	1,50,000	12.20
Warren G Herreid II	7,508	1.66	7,508	1.66	7,508	1.66	7,508	1.66	7,508	1.66
Kimberly Mosford	10,000	0.12	10,000	0.12	10,000	0.12	10,000	0.12	-	-
Persuade Strategic Partners LLC	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01
John Tshcida	5,52,500	0.01	5,52,500	0.01	5,52,500	0.01	5,52,500	0.01	5,52,500	0.01
	13,27,268	67.40	13,27,268	67.40	13,27,268	67.40	13,27,268	67.40	12,01,108	45.93

(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the LLC

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
R Edward Beramark Trust	3,09,760	23.34%	3,09,760	23.34%	3,09,760	23.34%	3,09,760	23.34%	1,93,600	16.12%
BI Worldwide (Schoeneckers Inc)	1,50,000	11.30%	1,50,000	11.30%	1,50,000	11.30%	1,50,000	11.30%	1,50,000	12.49%
Persuade Strategic Partners LLC	2,97,500	22.41%	2,97,500	22.41%	2,97,500	22.41%	2,97,500	22.41%	2,97,500	24.77%
John Tshcida	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	46.00%
	13,09,760	98.68%	13,09,760	98.68%	13,09,760	98.68%	13,09,760	98.68%	11,93,600	99.38%

(c) Details of shares held by promoters at the end of the period/years

Name of the promoter	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
John Tshcida	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	46.00%
	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	46.00%

(d) % change in promoters shareholding

Name of the promoter	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	% change	% change	% change	% change
John Tshcida	-	-	-	(4.37%)

10 Other equity

Particulars	Items of Other Comprehensive Income	Reserve and surplus		Total other equity
	Foreign Currency translation difference account	Retained earnings	Share based payments reserve	
<b>Balance as at April 01, 2018</b>	-	(51.67)	37.91	(13.76)
Profit/(loss) for the year	-	(50.59)	-	(50.59)
Other comprehensive (loss)/income for the year(net of taxes)	2.25	-	-	2.25
Stock option expense for the year (Refer Note 33)	-	-	22.50	22.50
<b>Balance as at March 31, 2019</b>	<b>2.25</b>	<b>(102.26)</b>	<b>60.41</b>	<b>(39.60)</b>
Profit/(loss) for the year	-	(98.97)	-	(98.97)
Other comprehensive (loss)/income for the year(net of taxes)	0.57	-	-	0.57
Stock option expense for the year (Refer Note 33)	-	-	51.79	51.79
<b>Balance as at March 31, 2020</b>	<b>2.82</b>	<b>(201.23)</b>	<b>112.20</b>	<b>(86.21)</b>
Profit/(loss) for the year	-	(5.83)	-	(5.83)
Other comprehensive (loss)/income for the year(net of taxes)	1.49	-	-	1.49
Stock option expense for the year (Refer Note 33)	-	-	20.62	20.62
<b>Balance as at March 31, 2021</b>	<b>4.31</b>	<b>(207.06)</b>	<b>132.82</b>	<b>(69.93)</b>
Profit/(loss) for the year	-	19.92	-	19.92
Other comprehensive (loss)/income for the year(net of taxes)	(0.95)	-	-	(0.95)
Stock option expense for the year (Refer Note 33)	-	-	6.60	6.60
<b>Balance as at June 30, 2021</b>	<b>3.36</b>	<b>(187.14)</b>	<b>139.42</b>	<b>(44.36)</b>

**Retained earnings**

Retained Earnings are the profits of the LLC earned till date net of appropriations

**Foreign currency translation difference account**

The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the LLC from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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11. Borrowings	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at 1 April 2018
Non-Current					
Term loan from bank (Secured)	11.89	11.71	-	-	-
	11.89	11.71	-	-	-
Current					
Short-term borrowings:					
Working capital loan from others	-	-	7.72	-	-
	-	-	7.72	-	-

Financial indebtedness

Credit facilities in the ordinary course of its business for the purposes of meeting business requirements. These credit facilities include inter alia, overdraft facilities, line of credit facilities and working capital demand loans.

The details of aggregate indebtedness of our LLC, is set forth below:

Category of borrowing	Secured/Unsecured	Rate of Interest	Outstanding amount as on			
			June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Line of credit- paypal	Secured	0.03% p.a.	-	-	4.54	-
Line of credit- wells fargo	Secured	5.00%p.a.	-	-	3.18	-
Term loan facility- SBA EIDL Loan*	Secured	3.75% p.a.	11.89	11.71	-	-
Total indebtedness			11.89	11.71	7.72	-

\*Note: Borrowings against security of assets

The Collateral includes the following property that Borrower 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 Borrower grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

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**Persuade Loyalty LLC**

**Notes to the special purpose financial statements**

(All amounts in Indian rupees millions, except as otherwise stated)

**12. Trade payables**

**At amortised cost**

Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>

Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>1</sup>

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>1</sup>	36.75	37.29	35.07	11.90	6.80
	<b>36.75</b>	<b>37.29</b>	<b>35.07</b>	<b>11.90</b>	<b>6.80</b>
<b>The above amount includes:</b>					
Trade payables to related parties (refer note 26)	19.55	19.26	17.46	11.86	6.76
Trade payables to others	17.20	18.03	17.61	0.04	0.04
	<b>36.75</b>	<b>37.29</b>	<b>35.07</b>	<b>11.90</b>	<b>6.80</b>

1. Trade payables are non-interest bearing and are normally settled at 30 to 90 days terms.

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the LLC. The LLC has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

**Disclosure relating to suppliers registered under Micro, Small and Medium Enterprises Development Act based on the information available with the LLC:**

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Amount remaining unpaid to any supplier at the end of each accounting period/year:				-	-
- The principal amount	-	-	-	-	-
- The interest due thereon	-	-	-	-	-
(b) the amount paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), to the supplier beyond the appointed day during each accounting period/year;					
- Interest paid	-	-	-	-	-
- Principal repaid	-	-	-	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting period/year; and	-	-	-	-	-
(e) 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 of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-	-

Persuade Loyalty LLC

Notes to the special purpose financial statements

(All amounts in Indian rupees millions, except as otherwise stated)

12. Trade Payables (Contd.)

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment as on June 30, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total in INR
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	36.75	-	-	-	36.75
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	36.75	-	-	-	36.75

Particulars	Outstanding for following periods from due date of payment as on March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	37.29	-	-	-	37.29
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	37.29	-	-	-	37.29

Particulars	Outstanding for following periods from due date of payment as on March 31, 2020				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	35.07	-	-	-	35.07
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	35.07	-	-	-	35.07

Particulars	Outstanding for following periods from due date of payment as on March 31, 2019				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	11.90	-	-	-	11.90
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	11.90	-	-	-	11.90

There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule

<b>13. Other financial liabilities</b>	<b>As at June 30, 2021</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>	<b>As at 1 April 2018</b>
At amortised cost					
Accrued salary and benefits	11.45	14.78	7.74	0.70	1.03
Interest accrued on borrowings	0.42	0.31	-	-	-
	<b>11.87</b>	<b>15.09</b>	<b>7.74</b>	<b>0.70</b>	<b>1.03</b>
<b>14. Other current liabilities</b>	<b>As at June 30, 2021</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>	<b>As at 1 April 2018</b>
Deferred revenue	17.88	38.53	2.05	-	-
	<b>17.88</b>	<b>38.53</b>	<b>2.05</b>	<b>-</b>	<b>-</b>
<b>15. Revenue from operations</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	
(a) Sale of services					
Retainership and other income from external customers	38.53	83.69	95.56	84.66	
Installation income from external customers	85.42	162.72	32.97	-	
	<b>123.95</b>	<b>246.41</b>	<b>128.53</b>	<b>84.66</b>	
Disaggregation of revenue					
License income	-	4.66	8.83	9.37	
Analytics	-	-	4.45	-	
Digital	85.42	162.72	32.97	-	
Loyalty	38.53	79.03	82.28	75.29	
	<b>123.95</b>	<b>246.41</b>	<b>128.53</b>	<b>84.66</b>	
Revenue by geography	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	
USA	121.17	236.03	118.42	73.60	
Outside USA	2.78	10.38	10.11	11.06	
	<b>123.95</b>	<b>246.41</b>	<b>128.53</b>	<b>84.66</b>	
Timing of revenue recognition	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	
Services transferred over time	123.95	246.41	128.53	84.66	
	<b>123.95</b>	<b>246.41</b>	<b>128.53</b>	<b>84.66</b>	
Contract Balances	<b>As at June 30, 2021</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>	
Trade receivables:					
- Current (Gross)	50.68	65.37	32.72	13.55	
- Impairment allowance	(1.38)	(1.17)	(17.34)	-	
Contract assets:					
Unbilled revenue:					
-Current	0.89	-	2.06	15.83	
Contract liabilities:					
Deferred revenue:					
-Current	17.88	38.53	2.05	-	

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**Persuade Loyalty LLC**  
**Notes to the special purpose financial statements**  
**(All amounts in Indian rupees millions, except as otherwise stated)**

<b>16(a) Other Income</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Government grants	-	11.16	-	-
	<b>-</b>	<b>11.16</b>	<b>-</b>	<b>-</b>
<b>16(b) Finance Income</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Interest income on other financial assets	0.01	0.02	0.02	0.02
	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
<b>17. Employee benefit expenses</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Salaries, wages and bonus	61.94	141.19	63.93	39.32
Contribution to provident and other funds	0.79	1.06	-	-
Staff welfare expenses	0.73	1.39	2.94	0.87
Employee stock option expenses	5.95	18.17	17.61	9.40
	<b>69.41</b>	<b>161.81</b>	<b>84.48</b>	<b>49.59</b>
<b>18. Depreciation and amortisation expenses</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Depreciation of property, plant and equipment (refer note 4)	0.40	0.68	0.49	0.42
Depreciation of right-of-use assets	1.51	5.89	4.13	4.04
Amortisation of intangible assets (refer note 5)	0.71	0.55	-	-
	<b>2.62</b>	<b>7.12</b>	<b>4.62</b>	<b>4.46</b>
<b>19. Finance costs</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Interest on debts and borrowings	0.38	1.69	1.30	0.05
Interest on lease liabilities	0.08	0.17	0.15	0.08
Bank charges	0.34	1.67	1.03	0.34
	<b>0.80</b>	<b>3.53</b>	<b>2.48</b>	<b>0.47</b>
<b>20. Other expenses</b>	<b>For the three months period ended June 30, 2021</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
License fees	-	2.33	4.25	4.69
Travelling and conveyance	0.91	1.21	7.22	8.66
Communication costs	0.39	0.74	0.96	0.40
Provision for doubtful trade receivables and advances (including bad debts written off)	0.21	1.14	17.34	-
Selling and marketing expenses	2.87	3.39	0.85	1.94
Repairs and maintenance - others	3.06	11.80	13.39	5.71
Rates and taxes	0.03	0.02	0.01	0.01
Miscellaneous expenses	1.29	4.84	6.70	3.12
	<b>8.76</b>	<b>25.47</b>	<b>50.72</b>	<b>24.53</b>

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**21 Earnings/ Loss per share**

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/ (Loss) attributable to equity holders of the LLC	19.92	(5.83)	(98.97)	(50.59)
Weighted average number of equity shares for basic EPS	1.33	1.33	1.33	1.22
Effect of dilution*	1.03	-	-	-
Weighted average number of equity shares adjusted for the effect of dilution	<b>2.36</b>	<b>1.33</b>	<b>1.33</b>	<b>1.22</b>
Basic earnings/(loss) per share	14.98	(4.38)	(74.41)	(41.47)
Diluted earnings/(loss) per share	8.44	(4.38)	(74.41)	(41.47)

\* For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, dilutive earnings per share is same as basic earnings per share as the results were anti-dilutive.

**22 Segment reporting**

The LLC's operations predominantly relate to providing software development services. The Chief Operating Decision Maker (CODM) reviews the operations of the LLC as one operating segment. Hence no separate segment information has been furnished herewith.

**23 Leases**

**I. Company as a lessee during the period / year**

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

The LLC has lease contracts that include extension and termination options. The LLC 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 LLC reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The carrying amounts of right-of-use assets recognised and the movements during the period/year is as follows:

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Balance	3.31	6.89	2.72	6.76
Additions	-	2.31	8.29	-
Disposals/ transfers	-	-	-	-
Depreciation expenses	1.51	5.89	4.12	4.04
<b>Closing Balance</b>	<b>1.80</b>	<b>3.31</b>	<b>6.89</b>	<b>2.72</b>

The carrying amounts of lease liabilities recognised and the movements during the period / year is as follows:

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Balance	3.23	6.82	2.65	6.76
Additions	-	2.31	8.29	-
Accretion of interest	0.08	0.17	0.15	0.08
Payments	(1.56)	(6.07)	(4.27)	(4.19)
<b>Closing Balance</b>	<b>1.75</b>	<b>3.23</b>	<b>6.82</b>	<b>2.65</b>

The same is shown under:

<b>Current</b>	1.75	3.23	4.14	2.65
<b>Non-current</b>	-	-	2.68	-

The effective interest rate for lease liabilities is 3.75% (March 31, 2021: 3.75%, March 31, 2020: 3.75% and March 31, 2019: 3.75%).

**c. Maturity analysis of lease liabilities**

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Within one year	1.75	3.23	4.14	2.65
After one year but not more than five years	-	-	2.68	-
More than five years	-	-	-	-
<b>Total</b>	<b>1.75</b>	<b>3.23</b>	<b>6.82</b>	<b>2.65</b>

**d. Amounts recognised in the statement of cash flows**

i. Total cash outflow for the lease	(1.56)	(6.07)	(4.27)	(4.19)
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**e. The following amounts are recognised in the statement of profit and loss**

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (Proforma)	For the year ended March 31, 2019 (Proforma)
Depreciation expense of right-of-use assets	1.51	5.89	4.12	4.04
Interest expense on operating lease liabilities	0.08	0.17	0.15	0.08
<b>Total amount recognised in the Restated Summary Statement of Profit and Loss</b>	<b>1.59</b>	<b>6.06</b>	<b>4.27</b>	<b>4.12</b>



24 Contingent Liabilities not provided for in respect of –

Claims against the LLC not acknowledged as debt

25 Capital & other commitments

Capital commitments

26 Related party disclosure

i) List of related parties and relationship:

Name of related party

Persuade Holdings Inc. (Formerly known as Persuade Holdings LLC)  
Technical Realities  
Jansen Computer Associates

Key Managerial Personnel

John Tschida  
William Jansen

ii) The LLC has following related party transactions:

Other expenses-License fees

Persuade Holdings Inc. (Formerly known as Persuade Holdings LLC)

Professional and consultancy services

Technical Realities  
Jansen Computer Associates  
William Jansen (Employee share based payments)  
John Tschida (Employee share based payments)

ii) The LLC has following balance with related party at year end:

Trade Payables

Persuade Holdings Inc. (Formerly known as Persuade Holdings LLC)

27 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - 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).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value of assets and liabilities which are measured at amortised cost:

Financial assets measured at amortized cost

Non-current

Other financial assets

Current

Trade receivables

Cash and cash equivalents

Other financial assets

Financial liabilities measured at amortized cost

Non-current

Borrowings

Lease liabilities

Current

Borrowings

Lease liabilities

Trade payables

Other financial liabilities

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
-	-	-	-

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
-	-	-	-

Name of relationship	Country of Incorporation
Common Partners	USA
Common Partners	USA
Common Partners	USA
Designation	
Partner	
Partner	

For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
-	2.33	4.25	4.69
4.19	19.72	17.93	17.45
3.35	12.96	11.35	11.11
-	-	2.25	3.33
-	-	2.25	3.33

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
19.55	19.26	17.46	11.86

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
-	-	0.62	-
49.30	64.20	15.38	13.55
40.52	27.21	14.35	9.71
1.52	0.62	2.06	16.35
11.89	11.71	-	-
-	-	2.68	-
-	-	7.72	-
1.75	3.23	4.14	2.65
36.75	37.29	35.07	11.90
11.87	15.09	7.74	0.70

The carrying amounts of trade receivables, cash and cash equivalents, other current financial assets, trade payables and other current financial liabilities are considered to be the same as their fair values, since they are short-term in nature. The amortized cost using effective interest rate (EIR) of other non-current financial assets consisting of security deposits are not significantly different from carrying amounts. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

No financial assets/liabilities have been valued using Level 1 & level 2 fair value measurements.

**Persuade Loyalty LLC**

**Notes to the special purpose financial statements**

(All amounts in Indian rupees millions, except as otherwise stated)

**28 Financial risk management objectives and policies**

The LLC is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The LLC's risk management is coordinated by the designated partners and focuses on securing long term and short term cash flows.

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk, currency risk.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the LLC does not have any exposure to foreign currency at each reporting date, the LLC does not have foreign currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The LLC does not have exposure to interest rate risk since they do not have any liabilities which are subject to variable interest rate.

**(B) Credit risk**

Credit risk is the risk of financial loss to the LLC if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the LLC's receivables from customers and deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The LLC assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The LLC limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The LLC does a proper financial and credibility check on the landlords before taking any property on lease and has not had instances of non-refund of security deposit on vacating the leased property. The LLC does not foresee any credit risks on deposits with regulatory authorities.

**(C) Liquidity risk**

Liquidity risk is the risk that the LLC will not be able to meet its financial obligations as they become due. The LLC manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the LLC's financial liabilities:

Particulars	Less than 12 months	More than 12 months	Total
<b>June 30, 2021</b>			
Borrowings	-	11.89	11.89
Lease liabilities	1.75	-	1.75
Trade payables	36.75	-	36.75
Other financial liabilities	11.87	-	11.87
	<u>50.37</u>	<u>11.89</u>	<u>62.26</u>
<b>March 31, 2021</b>			
Borrowings	-	11.71	11.71
Lease liabilities	3.23	-	3.23
Trade payables	37.29	-	37.29
Other financial liabilities	15.09	-	15.09
	<u>55.61</u>	<u>11.71</u>	<u>67.32</u>
<b>March 31, 2020</b>			
Borrowings	7.72	-	7.72
Lease liabilities	4.14	2.68	6.82
Trade payables	35.07	-	35.07
Other financial liabilities	7.74	-	7.74
	<u>54.67</u>	<u>2.68</u>	<u>57.35</u>
<b>March 31, 2019</b>			
Borrowings	-	-	-
Lease liabilities	2.65	-	2.65
Trade payables	11.90	-	11.90
Other financial liabilities	0.70	-	0.70
	<u>15.25</u>	<u>-</u>	<u>15.25</u>

**29 Capital management**

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

The LLC 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 and short-term bank borrowings/loans taken.

For the purpose of the LLC's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity shareholders of the LLC.

The LLC 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 LLC may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The LLC monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The LLC'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 June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings (Refer Note 11)				
Non-current	11.89	11.71	-	-
Current	-	-	7.72	-
<b>Total Borrowings</b>	<b>11.89</b>	<b>11.71</b>	<b>7.72</b>	<b>-</b>
Less: Cash and cash equivalents (Refer Note 7)	40.52	27.21	14.35	9.71
<b>Total debts (A)</b>	<b>(28.63)</b>	<b>(15.50)</b>	<b>(6.63)</b>	<b>(9.71)</b>
Equity share capital (Refer Note 10)	67.40	67.40	67.40	67.40
Other equity (Refer Note 10)	(44.36)	(69.93)	(86.21)	(39.60)
<b>Total capital (B)</b>	<b>23.03</b>	<b>(2.53)</b>	<b>(18.81)</b>	<b>27.79</b>
<b>Capital and Borrowings C= (A+B)</b>	<b>(5.60)</b>	<b>(18.03)</b>	<b>(25.44)</b>	<b>18.08</b>
<b>Gearing ratio (%) D= (A/C)</b>	<b>511.25%</b>	<b>85.97%</b>	<b>26.06%</b>	<b>(53.71%)</b>

**Persuade Loyalty LLC**

**Notes to the special purpose financial statements**

(All amounts in Indian rupees millions, except as otherwise stated)

**30 Ratios**

Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019	Variance % (June 2021 vs March 2021)	Variance % (March 2021 vs March 2020)	Variance % (March 2020 vs March 2019)	Reasons for variance of more than 25% (March 2021 vs March 2020)	Reasons for variance of more than 25% (March 2020 vs March 2019)
Current ratio	1.34	0.98	0.56	2.60	Not applicable	75.00%	(78.46%)	-	Increase in trade payable as at March' 2020 as compared to March' 2019
Debt equity ratio	0.52	(4.63)	(0.41)	-	Not applicable	1029.27%	-	Reduction in equity due to loss for the year	Reduction in equity due to loss for the year
Debt service coverage ratio	1.96	0.41	(11.90)	-	Not applicable	(103.45%)	-	Improvement in EBITDA	Significant increase in debt as at March' 2020 as compared to March' 2019
Return on equity ratio	0.86	2.30	5.26	(1.82)	Not applicable	(56.27%)	(389.01%)	Improvement in profitability (decrease in loss) for the year as compared to previous year	Due to loss for the year, total equity is deteriorated.
Trade receivable turnover ratio	2.18	6.19	8.89	6.36	Not applicable	(30.37%)	39.78%	-	-
Trade payables turnover ratio*	3.35	6.81	5.47	Not applicable	Not applicable	24.50%	-	-	-
Net capital turnover ratio	5.38	(97.40)	(6.83)	3.05	Not applicable	1326.06%	(323.93%)	Improvement in profitability (decrease in loss) for the year as compared to previous year	Due to loss for the year, total equity is deteriorated.
Net profit ratio	0.16	(0.02)	(0.77)	(0.60)	Not applicable	(97.40%)	28.33%	Improvement due to achievement of economies of scale	Improvement due to achievement of economies of scale
Return on capital employed	0.59	(0.25)	5.98	(1.80)	Not applicable	(104.18%)	(432.22%)	Improvement in profitability (decrease in loss) for the year as compared to previous year	Due to loss for the year, total equity is deteriorated.
Return on investment	0.49	(0.21)	(6.90)	(5.21)	Not applicable	(96.96%)	32.44%	Improvement in profitability (decrease in loss) for the year as compared to previous year	Improvement due to achievement of economies of scale

\* The LLC has no trade payables as at 31 March 2019, hence trade payables turnover ratio as at 31 March 2019 is not computable.

**Reasons for variance of more than 25%(June 2021 vs March 2021)**

1. Due to the outbreak of Covid-19, the operations of the LLC including purchases and revenue were affected during the three month period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable.

**Persuade Loyalty LLC**

**Notes to the special purpose financial statements**

(All amounts in Indian rupees millions, except as otherwise stated)

**30 Ratios (Contd.)**

**Elements of ratios**

Ratios	Numerator	Denominator	June 30, 2021		March 31, 2021		March 31, 2020		March 31, 2019	
			Numerator	Denominator	Numerator	Denominator	Numerator	Denominator	Numerator	Denominator
Current ratio	Current assets	Current liabilities	91.34	68.25	92.03	94.14	31.79	56.72	39.63	15.25
Debt equity ratio	Debt	Total Equity	11.89	23.04	11.71	(2.53)	7.72	(18.81)	-	27.80
Debt service coverage ratio	EBITDA	Debt (Borrowings)	23.34	11.89	4.82	11.71	(91.87)	7.72	(45.67)	-
Return on equity ratio	Profit for the period	Total Equity	19.92	23.04	(5.83)	(2.53)	(98.97)	(18.81)	(50.59)	27.80
Trade receivable turnover ratio	Revenue from operations	Average Trade Receivables	123.95	56.75	246.41	39.79	128.53	14.46	84.66	13.32
Trade payables turnover ratio	Revenue from operations	Average Trade Payables	123.95	37.02	246.41	36.18	128.53	23.49	84.66	9.35
Net capital turnover ratio	Revenue from operations	Total Equity	123.95	23.04	246.41	(2.53)	128.53	(18.81)	84.66	27.80
Net profit ratio	Profit for the period	Revenue from operations	19.92	123.95	(5.83)	246.41	(98.97)	128.53	(50.59)	84.66
Return on capital employed	Profit before tax and interest(EBIT)	Equity + Non current liabilities	20.72	34.93	(2.29)	9.18	(96.48)	(16.13)	(50.12)	27.80
Return on investment	Net profit	Current investments + Non current Investments + Other bank balances	19.92	40.52	(5.83)	27.21	(98.97)	14.35	(50.59)	9.71

(This space has been intentionally left blank)

31 The World Health Organization announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and classified its outbreak as a pandemic. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

The management has made an assessment of the impact of COVID-19 on the LLC’s operations, financial performance and position as at and for the year ended March 31, 2020, March 31, 2021 & June 30, 2021 and has concluded that there is no significant impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

32 **Subsequent Events**  
Pursuant to acquisition agreement dated September 01, 2021, the membership interests of Persuade Loyalty LLC was transferred to Capillary Pte Ltd, Singapore.

33 **Share Based Payments**

Particulars	Details
Name	Warrants and Units for Purchase of Membership Units.
Type	Equity Settled Share Based Payment Transaction.
Description	Pursuant to the LLC’s Member Control Agreement, the LLC has issued warrants and units to purchase Class B units to its employees. The LLC’s Class B units have financial rights but not governance rights.
Vesting Schedule	The vesting schedule is specified in the grant letter of each employee and may vary from employee to employee.
Exercise period	The vested options can be exercised by the employee prior to the date of expiration as mentioned in the grant letter.
Exercise price / strike price	The exercise price is \$ 0.01 per share in case of warrants.

In accordance with group accounting policies, the LLC has accounted for these warrants. The number and the exercise price of the warrants are as follows:

Table showing the movement of stock options during the year

Particulars	For the three months period ended June 30, 2021		For the year ended March 31, 2021		For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of warrants & units	Weighted average exercise price in \$	Number of warrants & units	Weighted average exercise price in \$	Number of warrants & units	Weighted average exercise price in \$	Number of warrants & units	Weighted average exercise price in \$
Outstanding at the beginning	10,28,179	\$0.01	9,59,491	\$0.01	6,48,991	\$0.01	5,31,991	\$0.01
Granted during the year/period	-	\$0.01	68,688	\$0.01	3,10,500	\$0.01	1,57,000	\$0.01
Forfeited/lapsed during the year/period	-	-	-	-	-	-	(30,000)	\$0.01
Exercised during the year/period	-	-	-	-	-	-	(10,000)	\$0.01
Outstanding at the end of the year/period	10,28,179	\$0.01	10,28,179	\$0.01	9,59,491	\$0.01	6,48,991	\$0.01
Exercisable at the end of the year/period	10,28,179	-	10,28,179	-	9,59,491	-	6,48,991	-

The fair value of each option is estimated on the date of grant using the Black Scholes model. The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are as under:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Risk Free Interest Rate (% p.a)*	1.27%	0.88%	1.82%	2.88%
2. Expected life of option ( years)	9.17	9.72	9.87	9.45
3. Expected volatility( %)	32.09%	32.09%	32.09%	38.58%
4. Dividend Yield( %)	0.00%	0.00%	0.00%	0.00%

\* 1 year average of United states’ 10 year bond yield

Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense arising from equity settled share based payment transaction				
Employee benefit expensess	5.95	18.17	17.61	9.40
Professional and consultancy services	0.65	2.45	34.18	13.22

For MSKA & Associates  
Chartered Accountants  
Firm Registration No.:105047W

For and on behalf of Persuade Loyalty LLC

Deepak Rao  
Partner  
Membership No: 113292  
Place: Bengaluru  
Date:

John Tschida  
Authorised Signatory  
  
Place:  
Date:

William Jansen  
Authorised Signatory  
  
Place:  
Date:

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Capillary Technologies India Limited

### **Opinion**

We have audited the accompanying Carve Out financial statements of the Business transferred by Capillary Technologies International Pte Ltd (the "Transferor") including transfer of Business Assets and Liabilities as per the Business and Loan Transfer Agreement dated November 01, 2021 and addendum thereof dated December 21, 2021 ("Transferred Business"), which comprises the Carve Out Balance Sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the Carve Out Statement of Profit and Loss, including other comprehensive income, Carve Out Cash Flow Statement and the Carve Out Statement of Changes in Equity including a summary of significant accounting policies and other explanatory information for the three months period ended June 30, 2021 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 ('Special Purpose Carve Out Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Carve Out Financial Statements have been prepared, in all material respects in accordance with the Basis of Preparation set out in Note 2.2 (a) to the accompanying Special Purpose Carve Out Financial Statements.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Carve Out Financial Statements in accordance with the Standards on Auditing (SAs) as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Carve Out Financial Statements section of our report. We are independent 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 Special Purpose Carve Out Financial Statements 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 on the Special Purpose Carve Out Financial Statements.

### **Emphasis of Matters**

#### **(i) Basis of Preparation and Restriction on Distribution and Use**

We draw attention to Note 2.2 (a) to the accompanying Special Purpose Carve Out Financial Statements, which describes the basis of preparation with reference to the Transferred Business. These financial statements are prepared for the purpose as described in Note 2.1 to the Special Purpose Carve Out Financial Statements. As a result, these Special Purpose Carve Out Financial Statements may not be suitable for another purpose. Our report is intended solely for the information and use of the management and for inclusion in the Offer document as mentioned in Note 2.1 to the Special Purpose Carve Out Financial Statements. This report is not to be used, referred to or distributed for any other purpose.

#### **(ii) Conditions for Transferred Business**

We draw attention to Note 2.1 to the accompanying Special Purpose Carve Out Financial Statements, which states that the aforesaid transfer of Business pursuant to the Business and Loan Transfer Agreement executed on November 01, 2021 and further amended vide addendum dated December 21, 2021 ('BLTA') between the Transferor and Capillary Pte. Ltd. ("CPL" or the "Purchaser") is pending execution of novation/ assignment/ transfer of various contracts as stipulated in the Business and Loan Transfer Agreement.

#### **(iii) Impact of COVID-19**

We draw attention to Note 29 to the accompanying Special Purpose Carve Out Financial Statements, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the future business operations, liquidity position and recoverability of assets of the Transferred Business. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of the aforesaid matters

## **Management's Responsibility for the Special Purpose Carve Out Financial Statements**

The Board of Directors are responsible for the preparation and presentation of Special Purpose Carve Out Financial Statements in accordance with Basis of Preparation set out in Note 2.2(a) to the Special Purpose Carve Out Financial Statements. The Board of Directors are also responsible for maintenance of adequate accounting records, for safeguarding of the assets of the Transferred Business and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Carve Out Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Carve Out Financial Statements, the Board of Directors are responsible for assessing the ability of the Transferred Business to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Transferred Business or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Transferred Business financial reporting process.

## **Auditor's Responsibilities for the Audit of the Special Purpose Carve Out Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Special Purpose Carve Out Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transferred Business internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Transferred Business 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 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 Transferred Business to cease to continue as a going concern.

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

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

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

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per Sandeep Karnani  
Partner  
Membership Number: 061207  
UDIN: 21061207AAAAHF9419

Place of Signature: Bengaluru  
Date: December 23, 2021



Carve Out business of Capillary Technologies International Pte. Ltd.

Special Purpose Carve Out Balance Sheet

		(₹ in Million)				
		Notes	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
I	Assets					
(1)	Non-current assets					
	(a) Property, plant and equipment	3	0.23	0.16	0.66	1.35
	(b) Intangible assets	4	305.97	297.25	308.28	132.23
	(c) Intangible assets under development	4	4.57	3.47	7.41	97.60
	(d) Financial assets					
	(i) Other financial assets	5	-	-	-	4.05
	(e) Other non-current assets	8	-	-	12.59	4.98
			310.77	300.88	328.94	240.21
(2)	Current assets					
	(a) Financial assets					
	(i) Trade receivables	6	114.69	102.27	104.18	64.02
	(ii) Cash and cash equivalents	7	19.41	52.46	43.11	134.15
	(iii) Loans	5	2.01	1.96	0.05	0.52
	(iv) Other financial assets	5	691.85	605.87	411.52	815.67
	(b) Other current assets	8	8.81	15.77	19.06	10.43
			836.77	778.33	577.92	1,024.79
	Total assets (1+2)		1,147.54	1,079.21	906.86	1,265.00
II	Equity and liabilities					
(1)	Equity					
	(a) Other equity	9	443.74	585.22	492.57	1,098.77
	Total equity		443.74	585.22	492.57	1,098.77
(2)	Current liabilities					
	(a) Financial liabilities					
	(i) Trade payables					
	(a) Total outstanding dues of micro enterprises and small enterprises	13	-	-	-	-
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	558.76	374.33	203.29	93.91
	(ii) Other financial liabilities	11	2.08	8.29	24.87	12.56
	(b) Provisions	10	0.81	1.23	1.47	1.85
	(c) Other current liabilities	12	142.15	110.14	184.66	57.91
			703.80	493.99	414.29	166.23
	Total equity and liabilities (1+2)		1,147.54	1,079.21	906.86	1,265.00

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W/ E300004

For and on behalf of the Board of Directors of

Capillary Technologies International Pte. Ltd.

per Sandeep Karnani

Partner

Membership No: 061207

Place: Bengaluru, India

Date: December 23, 2021

Abhay Rao Saheb Deshpande

Director

Place: Bengaluru, India

Date: December 23, 2021

Ramendra Kumar Pandey

Director

Place: Bengaluru, India

Date: December 23, 2021

Beh Thiam Hock

Company Secretary

Place: Bengaluru, India

Date: December 23, 2021

Carve Out business of Capillary Technologies International Pte. Ltd.

Special Purpose Carve Out Statement of Profit and Loss

		(₹ in Million)			
	Notes	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Income</b>					
Revenue from operations	14	99.06	446.58	395.93	348.95
Other income	15	3.52	7.67	11.90	11.49
<b>Total income</b>		<b>102.58</b>	<b>454.25</b>	<b>407.83</b>	<b>360.44</b>
<b>II Expenses</b>					
Cost of campaign services		14.44	41.73	32.13	62.20
Professional and consultancy services (refer note 24)		104.25	209.67	612.70	779.24
Employee benefit expenses	16	16.00	87.40	100.80	87.69
Depreciation and amortisation expenses	17	41.72	167.86	70.48	40.04
Finance costs	18	0.60	2.26	3.65	5.15
Other expenses	19	64.66	215.35	256.87	194.19
<b>Total expenses</b>		<b>241.67</b>	<b>724.27</b>	<b>1,076.63</b>	<b>1,168.51</b>
<b>III (Loss)/ profit before tax (I - II)</b>		<b>(139.09)</b>	<b>(270.02)</b>	<b>(668.80)</b>	<b>(808.07)</b>
<b>IV Tax expenses</b>					
(a) Current tax	20	-	-	-	-
(b) Deferred tax charge/ (credit)	20	-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V (Loss)/ profit for the period/ year (III - IV)</b>		<b>(139.09)</b>	<b>(270.02)</b>	<b>(668.80)</b>	<b>(808.07)</b>
<b>VI Other comprehensive income/ (loss)</b>					
(A) Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:					
(i) Exchange differences on translating the Financial Statements of a foreign operation		9.08	38.65	43.53	22.64
Income Tax effect on above		-	-	-	-
<b>Total other comprehensive income/ (loss) for the period/ year net of tax</b>		<b>9.08</b>	<b>38.65</b>	<b>43.53</b>	<b>22.64</b>
<b>VII Total comprehensive (loss) / income for the period/ year net of tax (V + VI)</b>		<b>(130.01)</b>	<b>(231.37)</b>	<b>(625.27)</b>	<b>(785.43)</b>

Summary of significant accounting policies

The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements

2.1

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W/ E300004

For and on behalf of the Board of Directors of

Capillary Technologies International Pte. Ltd.

per Sandeep Karnani

Partner

Membership No: 061207

Place: Bengaluru, India

Date: December 23, 2021

Abhay Rao Saheb Deshpande

Director

Place: Bengaluru, India

Date: December 23, 2021

Ramendra Kumar Pandey

Director

Place: Bengaluru, India

Date: December 23, 2021

Beh Thiam Hock

Company Secretary

Place: Bengaluru, India

Date: December 23, 2021

Carve Out business of Capillary Technologies International Pte. Ltd.

Special Purpose Carve Out Statement of Cash Flows

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from/ (used in) operating activities</b>				
<b>(Loss) / Profit before tax</b>	<b>(139.09)</b>	<b>(270.02)</b>	<b>(668.80)</b>	<b>(808.07)</b>
<b>Adjustments to reconcile (loss) / profit before tax to net cash flows</b>				
Depreciation and amortisation expenses	41.72	167.86	70.48	40.04
Employee stock option expenses	0.52	3.77	1.55	3.36
Provision for doubtful trade receivables and advances (including bad debts written off)	5.88	-	21.26	10.77
Intangible assets under development written off	-	2.29	8.86	11.31
Provision/ liabilities no longer required, written back	(3.25)	(3.99)	(11.90)	(1.78)
Advances written off	-	1.54	2.15	-
<b>Operating profit before working capital changes</b>	<b>(94.22)</b>	<b>(98.55)</b>	<b>(576.40)</b>	<b>(744.37)</b>
<b>Working capital adjustments :</b>				
(Increase) / decrease in trade receivables	(16.73)	4.75	(57.78)	17.18
(Increase) / decrease in loans, non-current and current other financial and other assets	(69.50)	(169.88)	418.10	(105.75)
Increase / (decrease) in trade payables	182.25	170.15	118.16	(121.52)
Increase / (decrease) in non-current and current other financial, other liabilities and provisions	23.56	(97.12)	132.57	54.15
<b>Cash generated (used in) / from operations</b>	<b>25.35</b>	<b>(190.65)</b>	<b>34.65</b>	<b>(900.31)</b>
Direct taxes (paid) / refund	-	-	-	-
<b>Net cash from/ (used in) operating activities (A)</b>	<b>25.35</b>	<b>(190.65)</b>	<b>34.65</b>	<b>(900.31)</b>
<b>B. Cash flow from/ (used in) investing activities</b>				
Purchase of property, plant and equipment including intangible assets	(46.90)	(146.00)	(155.98)	(81.00)
<b>Net cash from used in investing activities (B)</b>	<b>(46.90)</b>	<b>(146.00)</b>	<b>(155.98)</b>	<b>(81.00)</b>
<b>C. Cash flow from/ (used in) financing activities</b>				
Change in capital	(12.37)	344.83	26.42	1,036.60
<b>Net cash flow (used in) / from financing activities (C)</b>	<b>(12.37)</b>	<b>344.83</b>	<b>26.42</b>	<b>1,036.60</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(33.92)</b>	<b>8.18</b>	<b>(94.91)</b>	<b>55.29</b>
Cash and cash equivalents at the beginning of the period/ year	52.46	43.11	134.15	78.03
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.87	1.17	3.87	0.83
<b>Cash and cash equivalents at the end of the period/ year</b>	<b>19.41</b>	<b>52.46</b>	<b>43.11</b>	<b>134.15</b>
<b>Components of cash and cash equivalents (refer note 7)</b>				
Balances with banks				
- On current accounts	19.41	52.46	43.11	134.15
<b>Total cash and cash equivalents (refer note 7)</b>	<b>19.41</b>	<b>52.46</b>	<b>43.11</b>	<b>134.15</b>

The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements

As per our report of even date

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

For and on behalf of the Board of Directors of  
Capillary Technologies International Pte. Ltd.

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Abhay Rao Saheb Deshpande  
Director  
Place: Bengaluru, India  
Date: December 23, 2021

Ramendra Kumar Pandey  
Director  
Place: Bengaluru, India  
Date: December 23, 2021

Beh Thiam Hock  
Company Secretary  
Place: Bengaluru, India  
Date: December 23, 2021

Carve Out business of Capillary Technologies International Pte. Ltd.

Special Purpose Carve Out Statement of Changes in Equity

Other equity

(₹ in Million)				
Particulars	Capital*	Capital contribution from Owner	Foreign currency translation difference account	Total
<b>Balance as at April 01, 2021</b>	<b>449.65</b>	<b>30.75</b>	<b>104.82</b>	<b>585.22</b>
Changes in capital during the year	(151.08)	-	-	(151.08)
Employee stock option expenses (refer note 23, 24)	-	0.52	-	0.52
Other comprehensive income for the year (net of taxes)	-	-	9.08	9.08
<b>Balance as at June 30, 2021</b>	<b>298.57</b>	<b>31.27</b>	<b>113.90</b>	<b>443.74</b>
<b>Balance as at April 01, 2020</b>	<b>399.42</b>	<b>26.98</b>	<b>66.17</b>	<b>492.57</b>
Changes in capital during the year	50.23	-	-	50.23
Employee stock option expenses (refer note 23, 24)	-	3.77	-	3.77
Other comprehensive income for the year (net of taxes)	-	-	38.65	38.65
<b>Balance as at March 31, 2021</b>	<b>449.65</b>	<b>30.75</b>	<b>104.82</b>	<b>585.22</b>
<b>Balance as at March 31, 2019</b>	<b>1,050.70</b>	<b>25.43</b>	<b>22.64</b>	<b>1,098.77</b>
Changes in capital during the year	(651.28)	-	-	(651.28)
Employee stock option expenses (refer note 23, 24)	-	1.55	-	1.55
Other comprehensive income for the year (net of taxes)	-	-	43.53	43.53
<b>Balance as at March 31, 2020</b>	<b>399.42</b>	<b>26.98</b>	<b>66.17</b>	<b>492.57</b>
<b>Balance as at April 01, 2018</b>	<b>852.49</b>	<b>22.07</b>	<b>-</b>	<b>874.56</b>
Changes in capital during the year	198.21	-	-	198.21
Employee stock option expenses (refer note 23, 24)	-	3.36	-	3.36
Other comprehensive income for the year (net of taxes)	-	-	22.64	22.64
<b>Balance as at March 31, 2019</b>	<b>1,050.70</b>	<b>25.43</b>	<b>22.64</b>	<b>1,098.77</b>

\*represents the difference between the assets and liabilities of Capillary Technologies International Pte. Ltd. being net asset value in the underlying foreign currency excluding capital contribution from Owner. Also refer note 9.

The accompanying notes are an integral part of the Special Purpose Carve-out Financial Statements

As per our report of even date

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

For and on behalf of the Board of Directors of  
Capillary Technologies International Pte. Ltd.

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Abhay Rao Saheb Deshpande  
Director  
Place: Bengaluru, India  
Date: December 23, 2021

Ramendra Kumar Pandey  
Director  
Place: Bengaluru, India  
Date: December 23, 2021

Beh Thiam Hock  
Company Secretary  
Place: Bengaluru, India  
Date: December 23, 2021

## 1. Corporate Information

Capillary Technologies International PTE Limited ('Company' or 'CTIPL' is a limited liability company incorporated and domiciled in Singapore. The Company's registered office is located at 50 Raffles Place, #19-00 Singapore Land Tower, Singapore 048623.

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

## 2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its Special Purpose Carve Out Financial Statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these Special Purpose Carve Out Financial Statements, unless otherwise indicated.

### 2.1. Purpose of preparation of these Special Purpose Carve Out Financial Statements

The Board of Directors of the Company approved the transfer of business including transfer of Business Assets and Liabilities of the Company as per the Business and Loan Transfer Agreement dated November 01, 2021 and addendum thereof dated December 21, 2021 ("Transferred Business") as a going concern with all the related rights, title and interest in and to the Business Undertaking and novation, assignment and transfer of all the rights, obligations and liabilities in relation to the specified loan to Capillary Pte Ltd ("CPL").

These Special Purpose Carve Out Financial Statements of the Transferred Business is being prepared:

- a) For the purpose of inclusion in the Offer Document to be prepared by Capillary Technologies India Limited, subsidiary of the Company for filing with SEBI, in connection with the proposed IPO, pursuant to the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.

These Special Purpose Carve Out Financial Statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on December 23, 2021.

The Transferred Business is subject to the satisfaction of conditions as stipulated in the BLTA.

### 2.2 Summary of significant accounting principles

#### a. Basis of preparation of Special Purpose Carve Out Financial Statements

(i) The Special Purpose Carve Out Financial Statements of the Transferred Business of the Company, which comprises the Carve Out Balance Sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the Carve Out Statement of Profit and Loss including Other Comprehensive Income, the Carve Out Statement of Cash Flows and the Carve Out Statement of Changes in Equity for the three months period ended June 30, 2021 and the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, and notes to the Carve Out Financial Statements, including a summary of significant accounting policies and other explanatory information (collectively the "Special Purpose Carve Out Financial Statements") have been prepared:

- a) taking into consideration the terms of the BLTA;
- b) as per the group accounting policies as adopted in the Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 (As adjusted) and March 31, 2019 (As adjusted) by 'Capillary Technologies India Limited' India (formerly known as 'Capillary Technologies India Private Limited') In addition, the Company has complied with these accounting policies and presentation requirements for all the historical financial years, to make the accounting policies and the presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021 and;

c) in accordance with Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

Accordingly, the Special Purpose Carve Out Financial Statements include only those assets and liabilities (including contingencies) that are to be acquired by CPL under the terms of the BLTA, being the assumed assets and assumed liabilities for all the years presented.

(ii) The assumed assets and assumed liabilities and related income and expenses of the Transferred Business of the Company have been reported in the Special Purpose Carve Out Financial Statements in accordance with recognition and measurement principles prescribed by the Group Accounting Policies.

(iii) As per BLTA, "Business Undertaking" refers to business as carried out by the Seller up to and including the Closing date, comprising of the Business Assets and Business Liabilities along with Innoven Loan.

(iv) As per BLTA, "Innoven Loan" means the term loan facility of an aggregate amount of US\$ 3,000,000 obtained by the Seller from Innoven pursuant to the facility agreement dated August 12, 2021 entered into between the Seller, Innoven and other parties thereto.

(v) The Transferred Business has historically operated as part of the Company and not as a standalone entity. Financial statements representing the operations of the Transferred Business have been derived from the Company's accounting records and are presented on a carve out basis.

The principal purpose of Special Purpose Carve Out statement of Profit and Loss is to present the historical operations of the carve out business and reflect all the costs of doing business and corresponding revenue. Therefore, these Special Purpose Carve Out Statement of Profit and Loss includes the relevant costs and revenue as if the carve out business operated as a separate entity in the periods presented.

(vi) Capital, as disclosed in these Special Purpose Carve Out Financial Statements, being net asset value, represents the difference between the assumed assets and liabilities of the Transferred Business of the Company.

(vii) Assets, liabilities, income and expenses recognised in these Special Purpose Carve Out Financial Statements that are directly attributable to the Transferred Business are based on the books of accounts and underlying accounting records maintained by the Company and as per conditions set out in the BLTA.

(viii) These Special Purpose Carve Out Financial Statements may not include all the actual expenses that would have been incurred had the carve out business operated as a standalone company during the periods presented and may not reflect the financial position and financial performance had it operated as a standalone company during such periods. Actual costs that would have been incurred if carve out business had operated as a standalone company would depend on multiple factors, including organizational structure, capital structure, strategic and tactical decisions made in various areas, including information technology and infrastructure.

Therefore, the resulting financial position and financial performance in these Special Purpose Carve Out Financial Statements may not be that which might have existed if the carve out business had been a standalone company. Further, the information may not be representative of the financial position and financial performance which may prevail after the transaction.

(ix) The Special Purpose Carve Out Financial Statements as presented are not legal entity financial statements and hence, no earnings per share (EPS), basic and diluted, has been computed and disclosed.

(x) As per the BLTA, transaction costs in respect of legal costs, disbursement charges and expenses incurred in and about the negotiation, preparation of BLTA and any other document in connection with the BLTA will be borne by the Transferred Business. The management is of the view that the aforesaid costs incurred would not be material and hence have not been recognised in these Special Purpose Carve Out Financial Statements.

(xi) The Special Purpose Carve Out Financial Statements have been prepared under the historical cost convention on the accrual basis, except for certain other financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and

(xii) These Special Purpose Carve Out Financial Statements of the Transferred Business were approved by the Board of Directors of the Company on December 23, 2021 for the use of the management of the Company and for inclusion in the Offer Document of Capillary Technologies India Limited.

(xiii) The Special Purpose Carve Out Financial Statements of the Transferred Business of the Company are presented in INR (₹) and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

#### **b. Current versus non-current classification**

The carve out business of the Company presents assets and liabilities in the Special purpose Carve Out 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.

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

#### **b. Fair value measurement**

The carve out business of the Company measures financial instruments at fair value at each Balance sheet date using valuation techniques.

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

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Carve Out 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 Special Purpose Carve Out 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 carve out business of the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy (refer note 26)
- Financial instruments (including those carried at amortised cost)

### **c. Revenue recognition**

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

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

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

#### **Income from services**

##### **i) Retainer services**

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

##### **(ii) Campaign services**

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



**(iii) Installation services**

The carve out business of the Company provides a one-time installation services that are bundled together with the retainer services. The carve out business of the Company recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The carve out business of 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 carve out business of the Company recognises revenue on the basis of the milestone achieved which correlates with hours expended relative to the total expected hours to complete the service.

**Other income**

**(i) 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 carve out business of the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the Special Purpose Carve Out Statement of Profit and Loss.

**Contract balances**

**Contract assets**

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

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 1) Financial instruments – initial recognition and subsequent measurement below

**Trade receivables**

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

**Capitalised contract costs**

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

Capitalised contract costs are subsequently amortised on a systematic basis as the carve out business of the Company recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the carve out business of the Company expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses. The maximum period over which the carve out business of the Company expects to derive benefit from contracts entered into with customers is 3 years. The carve out business of 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 carve out business of the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the carve out business of the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

### **d. Taxes on income**

#### **Current income tax**

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Special Purpose Carve Out 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 carve out business of the Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

#### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Special Purpose Carve Out Balance Sheet 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 asset to be recovered.

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

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

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

#### e. Property, plant and equipment

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 carve out business of the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the carve out business of the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

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

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

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

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

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

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

Internally generated intangible assets are amortised on straight line basis over their useful life.

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

#### **Other intangible assets**

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

#### **Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the carve out business of the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

#### **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 carve out business of 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.

### **Carve out business of the Company as a lessee**

The carve out business of the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The carve out business of 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 carve out business of 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 carve out business of 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 carve out business of 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 carve out business of 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 carve out business of 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 carve out business of 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 carve out business of the Company reviews the carrying amounts of its PPE and intangible assets determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Intangible assets with indefinite life are tested for impairment each year.

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

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

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the carve out business 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 Special Purpose Carve Out 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 carve out business of 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 carve out business of 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 carve out business of the Company operates, or for the market in which the asset is used.

Impairment losses are recognised in the Special Purpose Carve Out Statement of Profit and Loss.

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

#### **j. Provisions and contingent liabilities**

Provisions are recognised when the carve out business of 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 carve out business of the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Special Purpose Carve Out 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 carve out business of 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 carve out business of 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 carve out business of 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 carve out business 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 carve out business of the Company does not recognize a contingent liability but discloses its existence in the Special Purpose Carve Out Financial Statements.

Provisions and contingent liability are reviewed at each balance sheet.

#### **k. Retirement and other employee benefits**

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

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

The carve out business of the Company presents the leave as a current liability in the Special Purpose Carve Out Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

## **I. Financial instruments**

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

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

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

### **Effective interest method**

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

#### **(i) Financial assets**

##### **Financial assets at amortised cost**

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

##### **Financial assets measured at fair value**

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

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the Special Purpose Carve Out Statement of Profit and Loss.

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



### **Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the Special Purpose Carve Out Statement of Profit and Loss.

The carve out business of the Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as per the Group Accounting Policies.

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

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

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

### **De-recognition of financial assets**

The carve out business of 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 the Group Accounting Policies.

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

If the carve out business of the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the carve out business of 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 the Special Purpose Carve Out Statement of Profit or Loss.

## **(ii) Financial liabilities and equity instruments**

### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the carve out business of 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 carve out business of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

## Financial Liabilities

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

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

### b) De-recognition

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

## Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Special Purpose Carve Out 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 carve out business of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the carve out business 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 Special Purpose Carve Out 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 carve out business of 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 carve out business 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 the Group Accounting Policies.

## o. Cash and cash equivalents

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

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

**p. Share-based payments**

Certain employees of the carve out business of the Company share-based payments, whereby employees render services as consideration for equity instruments of the holding company (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an Black Scholes valuation model. Refer note 23 for further details.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense 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 carve out business of the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Special Purpose Carve Out 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 carve out business of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

#### **r. Foreign currencies**

The Special Purpose Carve Out Financial Statements are presented in INR, which is also the Company's functional currency.

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

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

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

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

Exchange differences arising on the retranslation or settlement of other monetary items are included in the Special Purpose Carve Out Statement of Profit and Loss for the period.

### **2.3 Change in accounting policies and disclosures**

#### **New and amended new standard**

##### **(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The amendments are applicable for annual reporting periods beginning on or after the 01 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 01 April 2019. These amendments had no impact on the interim Ind AS financial statements of, nor is there expected to be any future impact to the Company.

##### **(ii) Amendments to Ind AS 103 Business Combinations**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 01 April 2020 and to asset acquisitions that occur on or after the beginning of that period. These amendments had no impact on the Special Purpose Carve Out Financial Statements of, nor is there expected to be any future impact to the Company.

**(iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Special Purpose Carve Out Financial Statements of, nor is there expected to be any future impact to the Company. These amendments are applicable prospectively for annual periods beginning on or after the 01 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company’s Special Purpose Carve Out Financial Statements.

**(iv) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform**

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Special Purpose Carve Out Financial Statements of the Company as it does not have any interest rate hedge relationships. The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable prospectively for annual periods beginning on or after the 01 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company’s Special Purpose Carve Out Financial Statements.

## Notes to Special Purpose Carve Out Financial Statements

## 3 Property, plant and equipment

(₹ in Million)

Particulars	Computers	Office equipments	Leasehold improvements	Total
<b>Gross Block (At cost / deemed cost)</b>				
<b>At April 01, 2018</b>	<b>0.43</b>	<b>0.15</b>	-	<b>0.58</b>
Additions	0.81	0.03	0.85	1.69
Disposals / discard	-	-	-	-
Exchange differences - translation adjustment	0.01	0.01	-	0.02
<b>At March 31, 2019</b>	<b>1.25</b>	<b>0.19</b>	<b>0.85</b>	<b>2.29</b>
Additions	0.09	-	-	0.09
Disposals / discard	-	-	-	-
Exchange differences - translation adjustment	0.06	0.01	0.04	0.11
<b>At March 31, 2020</b>	<b>1.40</b>	<b>0.20</b>	<b>0.89</b>	<b>2.49</b>
Additions	-	-	-	-
Disposals / discard	(0.26)	(0.06)	-	(0.32)
Exchange differences - translation adjustment	0.04	-	0.03	0.07
<b>At March 31, 2021</b>	<b>1.18</b>	<b>0.14</b>	<b>0.92</b>	<b>2.24</b>
Additions	0.09	-	-	0.09
Disposals / discard	-	-	-	-
Exchange differences - translation adjustment	0.01	0.01	0.01	0.03
<b>At June 30, 2021</b>	<b>1.28</b>	<b>0.15</b>	<b>0.93</b>	<b>2.36</b>
<b>Accumulated Depreciation</b>				
<b>At April 01, 2018</b>	-	-	-	-
Charge for the year	0.48	0.07	0.39	0.94
Disposals / discard	-	-	-	-
Exchange differences - translation adjustment	0.00	0.00	0.00	0.00
<b>At March 31, 2019</b>	<b>0.48</b>	<b>0.07</b>	<b>0.39</b>	<b>0.94</b>
Charge for the year	0.43	0.04	0.37	0.84
Disposals / discard	-	-	-	-
Exchange differences - translation adjustment	0.03	-	0.02	0.05
<b>At March 31, 2020</b>	<b>0.94</b>	<b>0.11</b>	<b>0.78</b>	<b>1.83</b>
Charge for the year	0.38	0.07	0.07	0.52
Disposals / discard	(0.26)	(0.06)	-	(0.32)
Exchange differences - translation adjustment	0.03	-	0.02	0.05
<b>At March 31, 2021</b>	<b>1.09</b>	<b>0.12</b>	<b>0.87</b>	<b>2.08</b>
Charge for the three months period	0.02	-	-	0.02
Disposals / discard	-	-	-	-
Exchange differences - translation adjustment	0.01	-	0.02	0.03
<b>At June 30, 2021</b>	<b>1.12</b>	<b>0.12</b>	<b>0.89</b>	<b>2.13</b>
<b>Net book value</b>				
<b>At March 31, 2019</b>	<b>0.77</b>	<b>0.12</b>	<b>0.46</b>	<b>1.35</b>
<b>At March 31, 2020</b>	<b>0.46</b>	<b>0.09</b>	<b>0.11</b>	<b>0.66</b>
<b>At March 31, 2021</b>	<b>0.09</b>	<b>0.02</b>	<b>0.05</b>	<b>0.16</b>
<b>At June 30, 2021</b>	<b>0.16</b>	<b>0.03</b>	<b>0.04</b>	<b>0.23</b>

On transition to Ind AS (i.e., April 1, 2018), the Carve out business of the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of respective items of property, plant and equipment.

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## Notes to Special Purpose Carve Out Financial Statements

## 4 Intangible assets

(₹ in Million)

Particulars	Internally Generated Software	Intellectual property rights	Patents	Total	Intangible asset under development
<b>Gross Block (At cost / deemed cost)</b>					
<b>At April 01, 2018</b>	<b>76.99</b>	<b>1.74</b>	<b>-</b>	<b>78.73</b>	<b>117.41</b>
Additions	90.41	-	-	90.41	79.31
Disposals / discard	-	-	-	-	(90.41)
Written off	-	-	-	-	(11.31)
Exchange differences - translation adjustment	1.60	0.04	-	1.64	2.60
<b>At March 31, 2019</b>	<b>169.00</b>	<b>1.78</b>	<b>-</b>	<b>170.78</b>	<b>97.60</b>
Additions	238.97	-	2.38	241.35	155.89
Disposals / discard	-	-	-	-	(241.35)
Written off	-	-	-	-	(8.86)
Exchange differences - translation adjustment	7.49	0.08	-	7.57	4.13
<b>At March 31, 2020</b>	<b>415.46</b>	<b>1.86</b>	<b>2.38</b>	<b>419.70</b>	<b>7.41</b>
Additions	141.77	-	6.09	147.86	146.00
Disposals / discard	-	-	-	-	(147.86)
Written off	-	-	-	-	(2.29)
Exchange differences - translation adjustment	11.33	0.05	0.06	11.44	0.21
<b>At March 31, 2021</b>	<b>568.56</b>	<b>1.91</b>	<b>8.53</b>	<b>579.00</b>	<b>3.47</b>
Additions	45.21	-	0.55	45.76	46.81
Disposals / discard	-	-	-	-	(45.76)
Exchange differences - translation adjustment	8.81	0.03	0.14	8.98	0.05
<b>At June 30, 2021</b>	<b>622.58</b>	<b>1.94</b>	<b>9.22</b>	<b>633.74</b>	<b>4.57</b>
<b>Accumulated Amortisation</b>					
<b>At April 01, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	38.50	0.60	-	39.10	-
Disposals / discard	-	-	-	-	-
Exchange differences - translation adjustment	(0.54)	(0.01)	-	(0.55)	-
<b>At March 31, 2019</b>	<b>37.96</b>	<b>0.59</b>	<b>-</b>	<b>38.55</b>	<b>-</b>
Charge for the year	66.70	0.61	2.33	69.64	-
Disposals / discard	-	-	-	-	-
Exchange differences - translation adjustment	3.14	0.04	0.05	3.23	-
<b>At March 31, 2020</b>	<b>107.80</b>	<b>1.24</b>	<b>2.38</b>	<b>111.42</b>	<b>-</b>
Charge for the year	160.61	0.64	6.09	167.34	-
Disposals / discard	-	-	-	-	-
Exchange differences - translation adjustment	2.90	0.03	0.06	2.99	-
<b>At March 31, 2021</b>	<b>271.31</b>	<b>1.91</b>	<b>8.53</b>	<b>281.75</b>	<b>-</b>
Charge for the period	41.15	-	0.55	41.70	-
Disposals / discard	-	-	-	-	-
Exchange differences - translation adjustment	4.15	0.03	0.14	4.32	-
<b>At June 30, 2021</b>	<b>316.61</b>	<b>1.94</b>	<b>9.22</b>	<b>327.77</b>	<b>-</b>
<b>Net book value</b>					
<b>At March 31, 2019</b>	<b>131.04</b>	<b>1.19</b>	<b>-</b>	<b>132.23</b>	<b>97.60</b>
<b>At March 31, 2020</b>	<b>307.66</b>	<b>0.62</b>	<b>-</b>	<b>308.28</b>	<b>7.41</b>
<b>At March 31, 2021</b>	<b>297.25</b>	<b>-</b>	<b>-</b>	<b>297.25</b>	<b>3.47</b>
<b>At June 30, 2021</b>	<b>305.97</b>	<b>-</b>	<b>-</b>	<b>305.97</b>	<b>4.57</b>

1. On transition to Ind AS (i.e., April 1, 2018), the Carve out business of the Company has elected to continue with the carrying value for all its intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of respective items of intangible assets.

## Intangible Asset under Development (IAUD) Ageing Schedule

(₹ in Million)

## As at June 30, 2021

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.61	2.04	0.37	0.55	4.57
Projects temporarily suspended	-	-	-	-	-
	<b>1.61</b>	<b>2.04</b>	<b>0.37</b>	<b>0.55</b>	<b>4.57</b>

## As at March 31, 2021

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.88	1.69	0.36	0.54	3.47
Projects temporarily suspended	-	-	-	-	-
	<b>0.88</b>	<b>1.69</b>	<b>0.36</b>	<b>0.54</b>	<b>3.47</b>

## As at March 31, 2020

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3.07	3.23	0.64	0.47	7.41
Projects temporarily suspended	-	-	-	-	-
	<b>3.07</b>	<b>3.23</b>	<b>0.64</b>	<b>0.47</b>	<b>7.41</b>

## As at March 31, 2019

	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	52.87	36.57	1.50	6.66	97.60
Projects temporarily suspended	-	-	-	-	-
	<b>52.87</b>	<b>36.57</b>	<b>1.50</b>	<b>6.66</b>	<b>97.60</b>

## Notes to Special Purpose Carve Out Financial Statements

## 5 Financial Assets

Unsecured considered good unless otherwise stated

## Non-current

## Other financial assets

## Financial instruments at amortised cost

Security deposits

## Total other non-current financial assets

## Current

## Loans

Loans to employees<sup>1</sup>

## Other financial assets

## Financial instruments at amortised cost

Other receivables from related parties<sup>2,4,5</sup> (refer note 24)Unbilled revenue<sup>3</sup>

Security deposits

## Total other current financial assets

## 5.1 Sub-classification of loans

Loans receivable considered good - Unsecured

## Notes:

1. Loans to employees are unsecured, interest free, repayable on installments which is generally 6 months and to be settled in cash. No loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.

2. Other receivables from related parties are non-interest bearing and are generally on terms of upto 90 days.

3. Unbilled revenue consists of contract assets, that primarily relate to the Carve Out business of the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional and is current but not due.

4. Other receivables from related parties are on account of reimbursement of expenses recoverable from fellow subsidiaries

5. The Carve Out business of the Company has other receivables of ₹ 652.60 Million (March 31, 2021: ₹ 573.92 Million, March 31, 2020: ₹ 404.75 Million and March 31, 2019: ₹ 809.82 Million) from overseas fellow subsidiaries. Based on a letter of support/guarantee to fund the aforesaid companies in the immediate future received from Capillary Technologies International Pte. Ltd., Singapore, Carve Out business of the Company is confident of recovery of such receivables including the classification of such receivables as current receivables by the management.

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	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Security deposits	-	-	-	4.05
<b>Total other non-current financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.05</b>
<b>Current</b>				
<b>Loans</b>				
Loans to employees <sup>1</sup>	2.01	1.96	0.05	0.52
	<b>2.01</b>	<b>1.96</b>	<b>0.05</b>	<b>0.52</b>
<b>Other financial assets</b>				
<b>Financial instruments at amortised cost</b>				
Other receivables from related parties <sup>2,4,5</sup> (refer note 24)	652.60	573.92	404.75	809.82
Unbilled revenue <sup>3</sup>	38.72	31.44	4.63	5.85
Security deposits	0.53	0.51	2.14	-
<b>Total other current financial assets</b>	<b>691.85</b>	<b>605.87</b>	<b>411.52</b>	<b>815.67</b>
<b>5.1 Sub-classification of loans</b>				
Loans receivable considered good - Unsecured	2.01	1.96	0.05	0.52
	<b>2.01</b>	<b>1.96</b>	<b>0.05</b>	<b>0.52</b>



## Notes to Special Purpose Carve Out Financial Statements

## 6 Trade receivables

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade receivables - Others <sup>1</sup>	114.69	102.27	104.18	64.02
	<b>114.69</b>	<b>102.27</b>	<b>104.18</b>	<b>64.02</b>
<b>Break-up for security details:</b>				
Trade receivables - Unsecured, considered good	114.69	102.27	104.18	64.02
Trade receivables - Unsecured, credit impaired <sup>2</sup>	10.18	4.24	23.42	13.64
(A)	<b>124.87</b>	<b>106.51</b>	<b>127.60</b>	<b>77.66</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>				
Trade receivables - Unsecured, credit impaired <sup>2</sup>	(10.18)	(4.24)	(23.42)	(13.64)
(B)	<b>(10.18)</b>	<b>(4.24)</b>	<b>(23.42)</b>	<b>(13.64)</b>
(A + B)	<b>114.69</b>	<b>102.27</b>	<b>104.18</b>	<b>64.02</b>

1. Trade receivables are non-interest bearing and are generally on 30 to 45 day's terms.

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

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Expected credit loss allowance</b>				
<b>At the beginning of the period/ year</b>	4.24	23.42	13.64	3.61
Provision made during the period/ year	5.88	-	21.26	10.77
(Utilized) / (reversed) during the period/ year	-	(19.81)	(12.55)	(0.67)
Exchange differences - translation adjustment	0.06	0.63	1.07	(0.07)
<b>At the end of the period/ year</b>	<b>10.18</b>	<b>4.24</b>	<b>23.42</b>	<b>13.64</b>

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## 6.1 Trade receivables ageing schedule

As at June 30, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	-	108.65	0.01	5.61	0.42	-	114.69
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	7.39	-	2.67	0.12	-	10.18
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>116.04</b>	<b>0.01</b>	<b>8.28</b>	<b>0.54</b>	-	<b>124.87</b>

As at March 31, 2021

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	-	87.73	1.27	13.27	-	-	102.27
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	1.35	2.03	0.46	0.40	-	4.24
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>89.08</b>	<b>3.30</b>	<b>13.73</b>	<b>0.40</b>	-	<b>106.51</b>

As at March 31, 2020

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	-	91.69	12.17	0.31	-	-	104.17
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	12.75	10.08	0.59	-	-	23.42
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>104.44</b>	<b>22.25</b>	<b>0.90</b>	-	-	<b>127.59</b>

As at March 31, 2019

(₹ in Million)

Particulars	Current but not due	Outstanding for following periods from due date of payment*					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed Trade Receivables - considered good	-	63.31	0.71	-	-	-	64.02
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	2.47	7.55	3.62	-	-	13.64
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	-	<b>65.78</b>	<b>8.26</b>	<b>3.62</b>	-	-	<b>77.66</b>

\*The management has considered transaction date as the basis for determining the aging of Trade receivables.

## 7 Cash and cash equivalents

(₹ in Million)

## a) Balances with banks

On current accounts

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
19.41	52.46	43.11	134.15
<b>19.41</b>	<b>52.46</b>	<b>43.11</b>	<b>134.15</b>

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## Notes to Special Purpose Carve Out Financial Statements

## 8 Other assets

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>				
Others (Unsecured, considered good)				
Capitalised contract costs*	-	-	12.59	4.98
	-	-	<b>12.59</b>	<b>4.98</b>
<b>Current</b>				
Others (Unsecured, considered good)				
Capitalised contract costs*	-	3.75	10.19	3.43
Prepaid expenses	8.81	12.02	8.87	7.00
	<b>8.81</b>	<b>15.77</b>	<b>19.06</b>	<b>10.43</b>

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

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Capitalised contract costs</b>				
<b>At the beginning of the period / year</b>	3.75	22.78	8.41	7.78
Additions during the period / year	-	3.31	25.45	6.07
Amortised during the period / year	(2.45)	(11.37)	(11.18)	(5.69)
Other adjustments	-	(11.62)	-	-
Exchange differences - translation adjustment	(1.30)	0.65	0.10	0.25
<b>At the end of the period / year</b>	<b>-</b>	<b>3.75</b>	<b>22.78</b>	<b>8.41</b>
<b>The same is shown under:</b>				
Current	-	3.75	10.19	3.43
Non-current	-	-	12.59	4.98

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**Carve Out business of Capillary Technologies International Pte. Ltd.**

**Notes to Special Purpose Carve Out Financial Statements**

**9 Other equity**

	(₹ in Million)
<b>Capital*</b>	
<b>Balance as at April 01, 2018</b>	<b>852.49</b>
Changes in capital during the year	198.21
<b>Balance as at March 31, 2019</b>	<b>1,050.70</b>
Changes in capital during the year	(651.28)
<b>Balance as at March 31, 2020</b>	<b>399.42</b>
Changes in capital during the year	50.23
<b>Balance as at March 31, 2021</b>	<b>449.65</b>
Changes in owner's net investment during the three month period	(151.08)
<b>Balance as at June 30, 2021</b>	<b>298.57</b>
<b>Capital contribution from owners**</b>	
<b>Balance as at April 01, 2018</b>	<b>22.07</b>
Employee stock option expenses (refer note 23, 24)	3.36
<b>Balance as at March 31, 2019</b>	<b>25.43</b>
Employee stock option expenses (refer note 23, 24)	1.55
<b>Balance as at March 31, 2020</b>	<b>26.98</b>
Employee stock option expenses (refer note 23, 24)	3.77
<b>Balance as at March 31, 2021</b>	<b>30.75</b>
Employee stock option expenses (refer note 23, 24)	0.52
<b>Balance as at June 30, 2021</b>	<b>31.27</b>
<b>Foreign currency translation difference account</b>	
<b>Balance as at April 01, 2018</b>	-
Other comprehensive income for the year (net of taxes)	22.64
<b>Balance as at March 31, 2019</b>	<b>22.64</b>
Other comprehensive income for the year (net of taxes)	43.53
<b>Balance as at March 31, 2020</b>	<b>66.17</b>
Other comprehensive income for the year (net of taxes)	38.65
<b>Balance as at March 31, 2021</b>	<b>104.82</b>
Other comprehensive income for the year (net of taxes)	9.08
<b>Balance as at June 30, 2021</b>	<b>113.90</b>
<b>Total Other Equity</b>	
<b>Balance as at April 01, 2018</b>	<b>874.56</b>
<b>Balance as at March 31, 2019</b>	<b>1,098.77</b>
<b>Balance as at March 31, 2020</b>	<b>492.57</b>
<b>Balance as at March 31, 2021</b>	<b>585.22</b>
<b>Balance as at June 30, 2021</b>	<b>443.74</b>

Basis above, other detailed disclosures in respect of Share Capital and Other Equity are not applicable and has not been disclosed in these Special Purpose Carve-out Financial Statements.

\*represents the difference between the assets and liabilities of Carve Out business of Capillary Technologies International Pte. Ltd. being net asset value in the underlying foreign currency excluding capital contribution from Owner.

\*\* Represents the cost accounted on graded vesting method in relation to share option outstanding as on April 01, 2018.

The carve out business of the Company had incurred losses including cash losses in the current period and previous years which resulted in substantial erosion of equity of the carve out business of the Company and its current liabilities exceeds current assets as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019. Though the equity of the carve out business of the Company was substantially eroded, the management basis its business plan as approved by the Board of Directors expects that there will be a significant increase in the operations of the carve out business of the Company that will lead to improved cash flows and long term sustainability and the carve out business of the Company will be able to generate sufficient profits in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. In the meantime, CTIPL has committed to provide financial and operational support for its continued operations in the foreseeable future. Accordingly the Special Purpose Carve Out Financial Statements have been prepared on a going concern basis and do not include any adjustments relating to the carrying amount and classification of assets or the amounts and classification of liabilities that may be necessary if the carve out business of the Company is unable to continue as a going concern.

## Carve Out business of Capillary Technologies International Pte. Ltd.

### Notes to Special Purpose Carve Out Financial Statements

#### Nature and purpose of reserves:

##### 9.1 Capital

Represents the difference between the assets and liabilities of Capillary Technologies International Pte. Ltd. being net asset value in the underlying foreign currency excluding capital contribution from Owner.

##### 9.2 Capital contribution from owners

Capillary Technologies International Pte. Ltd. has a share option scheme under which it grants employee stock options to certain employees of the Company without any cross charge. Capital contribution from owners is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration by CTIPL. Refer Note 23 for further details of these.

##### 9.3 Foreign currency translation difference account

The foreign currency translation difference account represents exchange differences arising from the translation of the Financial Statements of the Company from its functional currency to the presentation currency.

## 10 Provisions

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Current</b>				
<b>Provision for employee benefits:</b>				
Provision for compensated absences	0.81	1.23	1.47	1.85
	<b>0.81</b>	<b>1.23</b>	<b>1.47</b>	<b>1.85</b>

## 11 Other financial liabilities

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Current</b>				
<b>At amortised cost</b>				
Accrued salaries and benefits	2.08	8.29	24.87	12.56
	<b>2.08</b>	<b>8.29</b>	<b>24.87</b>	<b>12.56</b>

## 12 Other liabilities

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Current</b>				
Contract liabilities - Deferred revenue	138.61	106.82	181.24	56.07
Statutory dues payable	3.54	3.32	3.42	1.84
	<b>142.15</b>	<b>110.14</b>	<b>184.66</b>	<b>57.91</b>

## 13 Trade payables

	(₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>At amortised cost</b>				
Total outstanding dues of micro enterprises and small enterprises <sup>1,2</sup>	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>1</sup>	558.76	374.33	203.29	93.91
<b>Total</b>	<b>558.76</b>	<b>374.33</b>	<b>203.29</b>	<b>93.91</b>
<b>The above amount includes:</b>				
Trade payables to related parties (refer note 24)	392.07	243.75	68.74	3.38
Trade payables to others	166.69	130.58	134.55	90.53
	<b>558.76</b>	<b>374.33</b>	<b>203.29</b>	<b>93.91</b>

1. Trade payables are non-interest bearing and normally settled at 30 to 90 days term.

2. Based on information available with the Carve Out business of the Company, there are no suppliers who are registered as micro, small or medium enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006' as at March 31, 2020 and March 31, 2019.

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## Notes to Special Purpose Carve Out Financial Statements

## 13.1 Trade Payables Ageing Schedule

As at June 30, 2021							(₹ in Million)
Particulars	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	64.44	494.32	-	-	-	558.76	-
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>64.44</b>	<b>494.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>558.76</b>	

As at March 31, 2021							(₹ in Million)
Particulars	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	64.66	309.67	-	-	-	374.33	-
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	0	-	-	-	-	-	-
<b>Total</b>	<b>64.66</b>	<b>309.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>374.33</b>	

As at March 31, 2020							(₹ in Million)
Particulars	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	42.13	161.16	-	-	-	203.29	-
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>42.13</b>	<b>161.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203.29</b>	

As at March 31, 2019							(₹ in Million)
Particulars	Not due	Outstanding for following periods from due date of payment				Total	
		Less than 1 year	1-2 years	2-3 years	More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	28.62	65.29	-	-	-	93.91	-
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>28.62</b>	<b>65.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93.91</b>	

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## Notes to Special Purpose Carve Out Financial Statements

## 14 Revenue from operations

## (a) Sale of services

Installation income from external customers  
 Retainership and other income from external customers  
 Income from campaign services

Singapore  
 Outside Singapore  
**Total revenue from operations**

## Timing of revenue recognition

Services transferred over time  
 Services transferred at a point in time

## 14.1 Contract Balances

## Trade receivables:

- Current (Gross)  
 - Impairment allowance

## Contract assets:-

## Unbilled Revenue:

- Current

## Contract liabilities:-

## Deferred revenue:

- Current

**1. Movement in Contract Balances - Unbilled Revenue**

## Opening balance

Add: Satisfied performance obligations not invoiced

Less: Contract assets invoiced

## Closing balance

**1. Movement in Contract Liabilities - Deferred Revenue**

## Opening balance

Add: Revenue to be recognized from performance obligations to be satisfied in succeeding years

Less: Revenue recognized that was included in contract liability at the beginning of the year

## Closing balance

## 15 Other income

Provisions/ liabilities no longer required written back  
 Gain on account of foreign exchange fluctuations (net)  
 Other non-operating income

## 16 Employee benefit expenses

Salaries, wages and bonus (refer note 24)  
 Sales commission expenses  
 Contribution to provident and other funds (refer note 22)  
 Employee stock option expenses (refer note 23, 24)  
 Staff welfare expenses  
 Staff training and recruitment expenses

## 17 Depreciation and amortisation expenses

Depreciation of property, plant and equipment (refer note 3)  
 Amortisation of intangible assets (refer note 4)

(₹ in Million)

For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
10.77	83.59	65.64	27.76
72.87	323.25	283.18	258.92
15.42	39.74	47.11	62.27
<b>99.06</b>	<b>446.58</b>	<b>395.93</b>	<b>348.95</b>
40.01	129.45	144.11	149.51
59.05	317.13	251.82	199.44
<b>99.06</b>	<b>446.58</b>	<b>395.93</b>	<b>348.95</b>

(₹ in Million)

For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
83.64	406.84	348.82	286.68
15.42	39.74	47.11	62.27
<b>99.06</b>	<b>446.58</b>	<b>395.93</b>	<b>348.95</b>

(₹ in Million)

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
124.87	106.51	127.60	77.66
(10.18)	(4.24)	(23.42)	(13.64)
38.72	31.44	4.63	5.85
138.61	106.82	181.24	56.07

(₹ in Million)

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
31.44	4.63	5.85	14.78
38.72	31.44	4.63	5.85
(31.44)	(4.63)	(5.85)	(14.78)
<b>38.72</b>	<b>31.44</b>	<b>4.63</b>	<b>5.85</b>

5.85

As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
106.82	181.24	56.07	12.36
93.61	106.82	181.24	56.07
(61.82)	(181.24)	(56.07)	(12.36)
<b>138.61</b>	<b>106.82</b>	<b>181.24</b>	<b>56.07</b>

(₹ in Million)

For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
3.25	3.99	11.90	1.78
-	-	-	5.24
0.27	3.68	-	4.47
<b>3.52</b>	<b>7.67</b>	<b>11.90</b>	<b>11.49</b>

(₹ in Million)

For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
11.03	71.23	82.53	63.53
2.45	11.37	11.18	5.69
0.44	1.46	1.52	1.70
0.52	0.52	1.55	3.36
0.22	2.09	3.03	1.81
1.34	0.73	0.99	11.60
<b>16.00</b>	<b>87.40</b>	<b>100.80</b>	<b>87.69</b>

(₹ in Million)

For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
0.02	0.52	0.84	0.94
41.70	167.34	69.64	39.10
<b>41.72</b>	<b>167.86</b>	<b>70.48</b>	<b>40.04</b>

## Notes to Special Purpose Carve Out Financial Statements

## 18 Finance costs

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Bank charges	0.60	2.26	3.65	5.15
	<b>0.60</b>	<b>2.26</b>	<b>3.65</b>	<b>5.15</b>

## 19 Other expenses

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Travelling and conveyance	0.77	2.46	22.98	17.65
Rent	-	0.42	5.56	5.53
Communication costs	0.11	0.67	2.70	2.39
Payment to Auditor*	1.17	6.13	4.57	3.83
Provision for doubtful trade receivables and advances (including bad debts written off)	5.88	-	21.26	10.77
Advances written off	-	1.54	2.15	-
Selling and marketing expenses	13.62	50.95	23.93	28.98
Loss on account of foreign exchange fluctuations (net)	0.55	19.48	1.03	-
Rates and taxes	0.56	1.02	0.49	3.32
Intangible assets under development written off	-	2.29	8.86	11.31
Repairs and maintenance - others	-	1.22	0.22	0.06
Software and server charges (refer note 24)	40.68	125.22	161.02	107.92
Miscellaneous expenses	1.32	3.95	2.10	2.43
	<b>64.66</b>	<b>215.35</b>	<b>256.87</b>	<b>194.19</b>

## \*Payment to Auditor (exclusive of goods and service tax)

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>As auditor:</b>				
Audit fees	1.17	4.53	3.02	2.84
<b>In other capacity:</b>				
Taxation matters	-	1.60	1.55	0.99
	<b>1.17</b>	<b>6.13</b>	<b>4.57</b>	<b>3.83</b>

## 20 Income tax

The carve-out business is subject to income tax in Singapore on the basis of Financial Statements.

## Income tax expenses in the statement of profit and loss consist of the following:

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Current tax	-	-	-	-
(b) Deferred tax charge/ (credit)*	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Deferred tax is not recognised since it is not probable that the taxable profit will be available against which the utilised tax losses and temporary differences can be utilised, as assessed at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

## Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Profit before taxes</b>	(139.09)	(270.02)	(668.80)	(808.07)
Applicable tax rates in Singapore	17.00%	17.00%	17.00%	17.00%
Computed tax credit	(23.65)	(45.90)	(113.70)	(137.37)
Tax effect on losses on which deferred tax has not been accounted	23.65	45.90	113.70	137.37
<b>Total Tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax reported in the statement of profit and loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## Notes to Special Purpose Carve Out Financial Statements

**21 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's Special Purpose Carve-out 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. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include fair value measurement of financial instruments, contingencies and provision for expected credit losses of trade receivables and contract assets.

**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 Carve Out business of the Company based its assumptions and estimates on parameters available when the Special purpose Carve Out 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 Carve Out business of the Company. Such changes are reflected in the assumptions when they occur.

**(a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 26 for further disclosures.

**(b) Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Carve Out business of CTIPL, 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.

**(c) Provision for expected credit losses of trade receivables and contract assets**

The Special Purpose carve out business of the Company estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 6(3).

**(d) Share-based payments**

CTIPL 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). 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 23.

**22 Post-employment benefit plans****Defined contribution plan**

The Company's contribution to provident and other funds are considered as defined contribution plans. The contributions are charged to the special purpose Carve Out statement of profit and loss as they accrue. Contributions to provident fund included in employee benefit expenses (refer note 16) are as under:

Particulars	(₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident and other funds	0.44	1.46	1.52	1.70
<b>Total</b>	<b>0.44</b>	<b>1.46</b>	<b>1.52</b>	<b>1.70</b>

**23 Share-based payments****A Description of the share based payment arrangements**

At a meeting of the members of Capillary Technologies International Pte. Ltd. ('CTIPL') held on August 10, 2015, the shareholders of Capillary Technologies International Pte. Ltd. had approved the General Employee Share Option Plan (GESP) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, subject to certain restrictions, to eligible employees.

Under GESP all employees are entitled to a grant of options of CTIPL once they have been in service and eligible based on conditions determined by the Board. The vesting of the options is pro-rated over a period of four years. The exercise price of the options is Nil. The contractual life of the options is ten years.

25% of the share options granted on each grant date will vest at the end of one year. Subsequently, 6.25% of the share options granted shall vest at the end of each quarter thereon till all share options are vested. These options expire within 10 years from the date of grant.

**B Measurement of fair values**

The fair value of the share options granted under the GESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by CTIPL.

The following table lists the inputs to the option pricing models for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020 and March 31, 2019:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	31.67% - 86.38%	31.76% - 86.38%	37.86% - 86.38%	37.86% - 86.38%
Risk-free interest rate (% p.a.)	1.43% - 2.28%	1.43% - 2.28%	1.54% - 2.28%	1.54% - 2.28%
Expected life of option (years)	2 - 7	5 - 7	5 - 7	5 - 7
Weighted average share price as per Pre Discount for Lack of Marketability ("DLOM") & Pre Discount for Lack of Control ("DLOC")	USD 1.81 - 5.45	USD 1.81 - 5.45	USD 1.81 - 3.90	USD 1.81 - 3.90
Weighted average share price as per Post DLOM & Post DLOC	USD 1.23 - 5.45	USD 1.23 - 5.45	USD 1.23 - 2.92	USD 1.23 - 2.92

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.

## Notes to Special Purpose Carve Out Financial Statements

## C Movements during the period/ year

The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, GESP plan during the period/ year.

Particulars	(₹ in Million)							
	For the three months period ended June 30, 2021		For the year ended March 31, 2021		For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)	Number of options (in Million)	WAEP (₹ in Million)
Options outstanding at the beginning of the period/ year	0.23	-	0.17	-	0.25	-	0.24	-
Granted during the period/ year	0.01	-	0.07	-	0.01	-	0.06	-
Forfeited / lapsed during the period/ year	(0.02)	-	(0.01)	-	(0.03)	-	(0.05)	-
Exercised during the period/ year	-	-	-	-	(0.06)	-	-	-
Expired during the period/ year	-	-	-	-	-	-	-	-
<b>Options outstanding at the end of the period/ year</b>	<b>0.22</b>	<b>-</b>	<b>0.23</b>	<b>-</b>	<b>0.17</b>	<b>-</b>	<b>0.25</b>	<b>-</b>
Exercisable at period / year end	0.16		0.17		0.16		0.17	

The options outstanding as at June 30, 2021 had an exercise price of Nil (March 31, 2021, March 31, 2020 and March 31, 2019: Nil) and the weighted average remaining contractual life of 6.06 years (March 31, 2021: 6.45 years., March 31, 2020: 6.33 years and March 31, 2019: 6.99 years).

## D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the period/ year is shown in the following table :

Particulars	(₹ in Million)			
	For the three months period ended June 30, 2021*	For the year ended March 31, 2021*	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 16)	0.52	3.77	1.55	3.36

\* Includes expense grouped under Professional and consultancy services.

E Capillary Technologies International Pte. Ltd. had granted stock options to employees of the Carve Out business of CTIPL under ESOP plans as detailed in note 23(A) above. Capillary Technologies International Pte. Ltd has an obligation to settle the transaction with the employees of Carve Out business by providing it's own equity shares. Therefore, in accordance with Ind AS 102, the CTIPL's Carve Out business had measured its expense in accordance with the requirements applicable to equity settled share-based payment transaction.

## 24 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.
Fellow subsidiary companies	Capillary Technologies Inc., USA Capillary Technologies India Limited, India (formerly known as Capillary Technologies India Private Limited) Capillary Technologies (UK) Limited, United Kingdom Capillary Technologies DMCC, UAE Reasoning Global e-Applications Private Limited, India Capillary Technologies Shanghai Co. Ltd, China Capillary Technologies (Malaysia) Sdn Bhd, Malaysia PT Capillary Technologies Indonesia, Indonesia
Key managerial personnel [KMP]	Mr. Anant Choubey, Non- independent Director Mr. Venkat Tadanki, Director Mr. Shailesh Lakhani, Director Mr. Aneesh Reddy Boddu, Non- independent Director Mr. Veera Raghavan Mohan Kumar, Director Mr. Abhay Raosaheb Deshpande, Director Mr. Rajan Anandam, Director Mr. Abhijeet Vijayvergiya, Non- independent Director (Resigned w.e.f December 31, 2019) Mr. Vikram Arun Chogie, Director Mr. Ganapathi Lakshminarayanan, Director (w.e.f August 22, 2018 upto May 31, 2019) Ms. Lim Fui Khim Loretta, Director (w.e.f January 01, 2020) Mr. Beh Thiam Hock, Company Secretary

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## Notes to Special Purpose Carve Out Financial Statements

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

(₹ in Million)

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>1) Transactions during the period/ year</b>				
<b>a) Professional and consultancy services</b> Capillary Technologies India Limited, India	211.85	611.35	888.30	966.17
<b>b) Reimbursement of expenses incurred by the Carved out business of CTIPL</b>				
<b>Professional and consultancy services*</b>				
Capillary Technologies DMCC, UAE	82.35	274.24	94.38	73.21
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	8.06	15.16	26.17	30.09
PT Capillary Technologies Indonesia, Indonesia	4.38	25.58	43.92	56.06
<b>Server Charges</b>				
Capillary Technologies DMCC, UAE	12.91	47.24	29.60	53.65
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	-	-	-	2.94
PT Capillary Technologies Indonesia, Indonesia	-	-	-	5.11
<b>Cost of campaign services</b>				
Capillary Technologies DMCC, UAE	1.03	-	-	-
<b>c) Remuneration to key managerial personnel and their relatives</b>				
Abhijeet Vijayvergiya	-	-	8.16	10.12
<b>d) Reimbursement of expenses incurred on behalf of the the Carved out business of CTIPL</b>				
Capillary Technologies DMCC, UAE	9.19	-	-	-
Capillary Technologies Shanghai Co. Ltd, China	4.63	12.17	-	-
<b>e) Payments collected by the Carved out business on behalf of the group companies</b>				
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	-	3.40	-	-

(₹ in Million)

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>2) Outstanding balances as at period/ year end</b>				
<b>i) Trade Payables</b>				
Capillary Technologies India Limited, India	371.74	228.30	68.74	2.45
Capillary Technologies (Malaysia) Sdn Bhd	3.45	3.40	-	-
Capillary Technologies DMCC, UAE	-	-	-	0.93
Capillary Technologies Shanghai Co. Ltd, China	16.88	12.05	-	-
<b>iii) Other receivables</b>				
Capillary Technologies India Limited, India	1.92	1.89	-	55.38
Capillary Technologies DMCC, UAE	488.88	424.93	295.72	648.27
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	76.25	70.78	56.89	41.62
PT Capillary Technologies Indonesia, Indonesia	85.55	76.32	52.14	64.55

\* Professional and consultancy services have been netted off for amount cross-charged to the fellow subsidiaries.

## 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)			
		June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
General Employee Share Option Plan (GESP) of CTIPL	-	0.10	0.10	0.10	0.19
Refer note 23.					

## d) Other information

1. The transactions with related parties are made by the Carve Out business on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured and settlement occurs in cash.

2. As the liability for compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to remuneration to the directors are not ascertainable and, therefore, not included above.

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## Notes to Special Purpose Carve Out Financial Statements

## 25 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 Carve Out business (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 special purpose Carve Out financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

## (ii) Reportable segments:

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

CODM evaluates the performance of the Carve Out business based on the single operative segment as CRM services. Therefore, there is only one reportable segment called CRM services in accordance with the requirement of Ind AS 108 "Operating Segments".

## (b) Geographical information

Particulars	Revenue from Operations* (₹ in Million)			
	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Singapore	40.01	129.45	144.11	149.51
Outside Singapore	59.05	317.13	251.82	199.44
<b>Total</b>	<b>99.06</b>	<b>446.58</b>	<b>395.93</b>	<b>348.95</b>

Particulars	Non-current Assets** (₹ in Million)			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Singapore	310.77	300.88	328.94	236.16
Outside Singapore	-	-	-	-
<b>Total</b>	<b>310.77</b>	<b>300.88</b>	<b>328.94</b>	<b>236.16</b>

\*Revenue by geographical area are based on the geographical location of the billing customer.

\*\*Non-current assets excludes financial instruments and tax assets.

(c) Revenue from one external customer of ₹ 115.28 million in March 31, 2021 and ₹ 41.07 million in March 31, 2020 is more than 10% of the Carve Out business's total revenue from operations. During the period ended June 30, 2021 and year ended March 31, 2019, there are no customers who contribute to more than 10% revenue from operations of the Carve Out business.

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## Notes to Special Purpose Carve Out Financial Statements

## 26 Disclosures on Financial instruments

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

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.3.(m).

## (a) Financial assets and liabilities

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through statement of profit and loss or fair value through Other Comprehensive Income as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

The following table represents the carrying value and fair value of each category of financial assets and liabilities as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

Particulars	Carrying and Fair Value			
	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>				
(i) Trade receivables	114.69	102.27	104.18	64.02
(ii) Cash and cash equivalents	19.41	52.46	43.11	134.15
(iii) Loans	2.01	1.96	0.05	0.52
(iv) Other financial assets	691.85	605.87	411.52	819.72
<b>Total</b>	<b>827.96</b>	<b>762.56</b>	<b>558.86</b>	<b>1,018.41</b>
<b>Financial liabilities</b>				
(i) Trade payables	558.76	374.33	203.29	93.91
(ii) Other financial liabilities	2.08	8.29	24.87	12.56
<b>Total</b>	<b>560.84</b>	<b>382.62</b>	<b>228.16</b>	<b>106.47</b>

## (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 Carve Out business do not have any financial instruments carried at fair value measured using Level 1, 2, and 3 inputs.

## (c) Financial risk management objectives and policies

The Carve Out business's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Carve Out business. The Carve Out business of 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 the Carve Out business, the Company is exposed primarily to fluctuations in foreign currency exchange 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 of CTIPL. The risk management framework aims to:

- create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the business plan of Carve Out business.
- achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

## (i) 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 foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

## 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 Carve Out business's exposure to the risk of changes in foreign exchange rates relates primarily to the Carve out Business of the Company's operating activities.

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## Notes to Special Purpose Carve Out Financial Statements

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

Particulars	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount in foreign currency (in Million)	Amount in ₹ (in Million)	Amount in foreign currency (in Million)	Amount in ₹ (in Million)	Amount in foreign currency (in Million)	Amount in ₹ (in Million)	Amount in foreign currency (in Million)	Amount in ₹ (in Million)
<b>Financial assets</b>								
<b>Trade receivables</b>								
SGD	0.24	13.42	0.22	12.18	0.78	41.51	0.68	34.64
<b>Loans</b>								
SGD	0.04	2.01	0.04	1.96	0.00	0.05	0.01	0.52
<b>Cash and cash equivalents</b>								
SGD	0.28	15.52	0.25	13.38	0.03	1.35	0.82	41.81
<b>Security Deposit</b>								
SGD	0.01	0.53	0.01	0.51	0.04	2.14	0.08	4.05
<b>Unbilled Revenue</b>								
SGD	0.12	6.66	0.10	5.36	0.02	1.31	0.04	2.18
<b>Financial liabilities</b>								
<b>Trade payables</b>								
SGD	0.42	23.31	0.29	15.54	0.52	27.54	0.29	14.63
<b>Other current financial liabilities</b>								
SGD	0.04	2.08	0.16	8.29	0.47	24.87	0.25	12.56

**Foreign currency sensitivity**

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

Particulars	Change in currency	(₹ in Million)	
		Effect on profit or loss before tax Strengthening	Effect on profit or loss before tax Weakening
<b>June 30, 2021</b>			
SGD	5%	0.64	(0.64)
<b>March 31, 2021</b>			
SGD	5%	0.48	(0.48)
<b>March 31, 2020</b>			
SGD	5%	(0.30)	0.30
<b>March 31, 2019</b>			
SGD	5%	2.80	(2.80)

The sensitivity analysis has been based on the composition of the Carve Out business's financial assets and liabilities at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019. The period end balances are not necessarily representative of the average debt outstanding during the period/ year.

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## Carve Out business of Capillary Technologies International Pte. Ltd.

### Notes to Special Purpose Carve Out Financial Statements

#### (ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of loan receivables, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Carve Out business.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 827.96 million (March 31, 2021: ₹ 762.56, March 31, 2020: ₹ 558.86, March 31, 2019: ₹ 1,018.41 million), being the total carrying value of loan, trade receivables, cash and cash equivalents, bank balances and other financial assets of the Carve Out business of CTIPL.

Customer credit risk is managed by each business unit based on the Carve out Business of the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The carved out business of CTIPL does not hold collateral as security. Further, the top 5 customer group of the Carve out Business of CTIPL contribute to approximately 45% of the trade receivables as at June 30, 2021, approximately 51% of the trade receivables for the year ended March 31, 2021, approximately 65% of the trade receivables for the year ended March 31, 2020 and approximately 37% of the trade receivables during the year ended March 31, 2019.

With respect to Trade receivables, the Carve Out business of CTIPL has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Carve Out business creates allowance for unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Refer note 6(3) for movement in expected credit loss for the period ended June 30, 2021 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the CTIPL's treasury department in accordance with the CTIPL's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### (iii) Liquidity risk

Liquidity risk refers to the risk that the Carve Out business 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 Carve out Business of the Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Carve Out business monitors its risk of shortage of funds on a regular basis. The Carve out business of the Company's objective is to maintain a balance between continuity of funding and flexibility.

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

					(₹ in Million)
Particulars		0 - 1 years	1 to 5 years	> 5 years	Total
<b>June 30, 2021</b>					
Trade payables		558.76	-	-	558.76
Other financial liabilities		2.08	-	-	2.08
		<b>560.84</b>	-	-	<b>560.84</b>
<b>March 31, 2021</b>					
Trade payables		374.33	-	-	374.33
Other financial liabilities		8.29	-	-	8.29
		<b>382.62</b>	-	-	<b>382.62</b>
<b>March 31, 2020</b>					
Trade payables		203.29	-	-	203.29
Other financial liabilities		24.87	-	-	24.87
		<b>228.16</b>	-	-	<b>228.16</b>
<b>March 31, 2019</b>					
Trade payables		93.91	-	-	93.91
Other financial liabilities		12.56	-	-	12.56
		<b>106.47</b>	-	-	<b>106.47</b>

#### 27 Capital management

The Carve Out business is dependent upon CTIPL for all its working capital and financing requirements as the CTIPL uses a centralized approach to cash management and financing of its operations. Equity, as disclosed represents the difference between the assets and liabilities of the carved out business being net asset value. The carved out business's primary capital management objectives are to ensure its ability to continue as a going concern and to optimize the cost of capital.

						(₹ in Million)
Particulars		As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	
Trade payables (refer note 13)		558.76	374.33	203.29	93.91	
Other financial liabilities (refer note 11)		2.08	8.29	24.87	12.56	
Cash and cash equivalents (refer note 7)		(19.41)	(52.46)	(43.11)	(134.15)	
<b>Net debt (A)</b>		<b>541.43</b>	<b>330.16</b>	<b>185.05</b>	<b>(27.68)</b>	
Other equity (refer note 9)		443.74	585.22	492.57	1,098.77	
<b>Total Capital (B)</b>		<b>443.74</b>	<b>585.22</b>	<b>492.57</b>	<b>1,098.77</b>	
<b>Capital and net debt C= (A+B)</b>		<b>985.16</b>	<b>915.38</b>	<b>677.62</b>	<b>1,071.09</b>	
<b>Gearing ratio (%) D= (A/C)</b>		<b>54.96%</b>	<b>36.07%</b>	<b>27.31%</b>	<b>(2.58%)</b>	

No changes were made in the objectives, policies or processes for managing capital during the periods/years ended June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019.

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## Carve Out business of Capillary Technologies International Pte. Ltd.

### Notes to Special Purpose Carve Out Financial Statements

#### 28 Subsequent events

1. Subsequent to the period ended June 30, 2021, Capillary Pte Ltd was incorporated as a Private Limited Company in Singapore on July 21, 2021. 100 equity shares were subscribed by Singapore international Pte. Ltd at a consideration of SGD 1. On September 01, 2021, Capillary Technologies India Limited ('CTIL') has invested in 1,385.14 million equity shares of CPL at a face value of USD 0.0074 per equity share aggregating to a total consideration of USD 10.25 million. On October 29, 2021, Capillary Pte. Ltd. has bought back 100 equity shares held by Capillary Technologies International Pte. Ltd. at a consideration of SGD 1.

2. Pursuant to the Business and Loan Transfer Agreement dated November 01, 2021, Capillary Technologies International Pte. Ltd (the 'Seller') has transferred the business undertaking to Capillary Pte. Ltd (the Buyer') at a consideration of USD 215,582. The Business Undertaking shall be transferred as a Going Concern and the loan of USD 3.00 Million taken by the Holding Company in August 2021 is to be novated with, in each case with effect from the Closing Date, without assigning any values to the individual assets or liabilities forming part of the Business Undertaking or loan.

3. Subsequent to the period ended June 30, 2021, on September 01, 2021, Capillary Pte Ltd, has acquired 100% stake in Persuade Loyalty LLC and Persuade Holdings Corp Inc, a Minnesota corporation for a purchase consideration of USD 15.00 Million payable in cash and a total pay-out of up to USD 10.90 Million and USD 4.10 Million (based upon earn-out variables) in preferred stock and stock options of Capillary Pte. Ltd. respectively. The aforesaid purchase consideration of USD 15 million is required to be paid in 3 tranches, i.e. USD 10 Million in September 2021, USD 2.50 Million in December 2021 and USD 2.50 Million (based on earnout model) in March 2023 respectively.

29 The spread of COVID-19 has severely impacted the business operations around the globe. The lockdown has impacted the Carve Out business volumes on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the three months period ended June 30, 2021 and the years ended March 31, 2021 and March 31, 2020. CTIPL considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, CTIPL considered internal and external sources of information up to the date of approval of these Special purpose Carve Out Financial Statements. CTIPL has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Carve Out business expects to fully recover the carrying amount of these assets and do not expect any cashflow constraints. CTIPL will continue to monitor these aspects and takes actions as appropriate based on future economic conditions.

30 As at June 30, 2021, there are no standards that have been issued but are not yet effective, which will impact these Special Purpose Carve Out Financial Statements.

31 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in this Special Purpose Carve Out Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date

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

For and on behalf of the Board of Directors of  
Capillary Technologies International Pte. Ltd.

per Sandeep Karnani  
Partner  
Membership No: 061207  
Place: Bengaluru, India  
Date: December 23, 2021

Abhay Rao Saheb Deshpande  
Director  
Place: Bengaluru, India  
Date: December 23, 2021

Ramendra Kumar Pandey  
Director  
Place: Bengaluru, India  
Date: December 23, 2021

Beh Thiam Hock  
Company Secretary  
Place: Bengaluru, India  
Date: December 23, 2021



## OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company and our material subsidiaries identified in accordance with requirements under the SEBI ICDR Regulations, i.e., Capillary Technologies (Malaysia) Sdn. Bhd., Capillary Technologies DMCC PT, Capillary Technologies Indonesia, Capillary Technologies (Shanghai) Co. Ltd., and Persuade Loyalty LLC at and for the three months' period ended June 30, 2021, and the years ended March 31, 2021, March 31, 2020, and March 31, 2019, together with all the annexures, schedules and notes thereto ("Standalone Financial Statements") are available at [www.capillarytech.com/investors/](http://www.capillarytech.com/investors/). As our Subsidiary, CPL was incorporated on July 21, 2021, there are no audited standalone financial statements for the for the three months' period ended June 30, 2021 and years ended March 31, 2021, March 31, 2020, and March 31, 2019 in respect of CPL. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Standalone Financial Statements and the reports thereon, do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, its Subsidiaries or any entity in which it or its shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of our Company, its Subsidiaries or any entity in which it or its shareholders have significant influence or any of its advisors, nor any of the BRLMs or Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

The details of accounting ratios derived from Restated Summary Statements required to be disclosed under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are set forth below:

*(in ₹ million, except percentages and share data)*

Particulars	As at and for the year ended March 31, 2019 (As Adjusted)	As at and for the year ended March 31, 2020(As Adjusted)	As at and for the year ended March 31, 2021	As at and for the three month period ended June 30, 2021
Restated (loss) / profit for the period (A)	(116.68)	2.06	169.40	25.28
Weighted average number of equity shares for basic EPS (No's in Millions) (B)	47.83	47.83	47.83	47.83
Weighted average number of equity shares for diluted EPS (No's in Millions) (C)	47.83	47.83	47.83	47.83
Restated earnings/ per equity share				
Basic* (D = A/B)	(2.44)	0.04	3.54	0.53
Diluted* (E = A/C)	(2.44)	0.04	3.54	0.53
Return on net worth ('RoNW %') <sup>#</sup>	(176.23)	1.73	52.13	6.65
NAV per Equity Share <sup>^</sup>	1.38	2.49	6.79	7.94
EBITDA (in million)	(17.13)	83.98	222.25	36.15

\*Basic and diluted (loss)/ earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).  
<sup>#</sup>RoNW % = Profit/ (loss) attributable to: owners of the Company divided by total equity attributable to owners of our Company

<sup>^</sup>NAV per Equity Share = total equity attributable to owners of our Company divided by weighted average number of equity shares outstanding during the year / period

Net Worth = Total equity attributable to owners of our Company

The Net Asset Value per equity share and EPS disclosed above are after considering the impact of bonus issue and sub-division of equity shares.

Subsequent to June 30, 2021, Shareholders by way of their resolution dated November 17, 2021 approved sub-division of equity shares of face value of ₹ 10 each into equity shares of face value of ₹ 2 each. Further, subsequent to June 30, 2021, shareholders by way of their resolution dated November 24, 2021 approved the issue of bonus shares in the ratio of 3.1:1 to the existing equity shareholders of our Company as per the provisions of Companies Act, 2013 and all other applicable laws and regulations. The above Net Asset Value per equity share and EPS are calculated after giving the impact of Share Sub-division and Bonus in accordance with Ind AS 33 for all periods presented. Further, pursuant to the resolutions passed by our

Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021. Further, pursuant to the resolutions passed by our Board in its meeting dated October 29, 2021 and our Shareholders in their meeting dated October 29, 2021, our Company adopted ESOP 2021.

### Non-GAAP financial measures

This section includes certain Non-GAAP financial measures relating to our financial performance (together, “Non-GAAP financial measures” and each a “Non-GAAP financial measure”), as presented below. These Non-GAAP financial measures are not required by or presented in accordance with Indian GAAP.

### Reconciliation of non-GAAP measures

Reconciliation for the following non-GAAP financial measures as per Restated Summary Statements of our Company are given below:

#### Reconciliation of net worth and return on net worth

(in ₹ million, except percentages)

Particulars	As at and for the year ended March 31, 2019 (As Adjusted)	As at and for the year ended March 31, 2020 (As Adjusted)	As at and for the year ended March 31, 2021	As at and for the three month period ended June 30, 2021
Equity share capital (I)	23.33	23.33	23.33	23.33
Other equity (II)	42.88	95.97	301.63	356.62
Net worth (III) = (I + II)	66.21	119.30	324.96	379.95
(Loss) / profit for the year / period as per restated summary statements (IV)	(116.68)	2.06	169.40	25.28
RoNW % (V) = (IV / III)	(176.23)	1.73	52.13	6.65

#### Reconciliation of net asset value per Equity Share

(in ₹million, except share data)

Particulars	As at and for the year ended March 31, 2019 (As Adjusted)	As at and for the year ended March 31, 2020 (As Adjusted)	As at and for the year ended March 31, 2021	As at and for the three month period ended June 30, 2021
Equity share capital as per restated summary statements (I)	23.33	23.33	23.33	23.33
Other equity as per restated summary statements (II)	42.88	95.97	301.63	356.62
Net Worth (III) = (I + II)	66.21	119.30	324.96	379.95
Weighted average number of equity shares outstanding during the year / period (No's in Millions) (IV)	2.33	2.33	2.33	2.33
NAV per Equity Share (V) = (III / IV)	28.42	51.20	139.47	163.07
Weighted average number of equity shares outstanding during the year / period post issuance of bonus shares and sub-division of shares (No's in Millions) (VI)	47.83	47.83	47.83	47.83
NAV per Equity Share post issuance of bonus shares and sub-division of shares (VII) = (III / VI)	1.38	2.49	6.79	7.94

#### Computation of Debt Equity Ratio

The table below reconciles total borrowings and debt to equity. Total Borrowings is calculated as borrowings under non-current borrowings plus current borrowings, while Debt to Equity is calculated as Total Borrowings divided by Total Equity.

Particulars	As at March 31, 2019 (As Adjusted)	As at March 31, 2020 (As Adjusted)	As at March 31, 2021	As at June 30, 2021
				(in ₹ million)
Non-current borrowings (A)	16.36	150.94	73.15	74.33
Current borrowings (B)	165.27	93.18	118.15	124.33
<b>Total (C) = (A) + (B)</b>	<b>181.63</b>	<b>244.12</b>	<b>191.30</b>	<b>198.66</b>
Total Equity (D)	66.21	119.30	324.96	379.95
<b>Debt / Equity Ratio (E) = (C) / (D)</b>	<b>2.74</b>	<b>2.05</b>	<b>0.59</b>	<b>0.52</b>

### Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 read with the SEBI ICDR Regulations, for the three months' period ended June 30, 2021, Fiscals ended 2021, 2020 and 2019, and as reported in the Restated Summary Statements of our Company, see "**Financial Statements – Restated Summary Statements – Annexure VII – Notes to Restated Summary Statements – Related Party Disclosures**" on page 291.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at June 30, 2021, on the basis of amounts derived from the Restated Summary Statements of our Company, and as adjusted for the Offer. This table should be read in conjunction with the sections titled “*Risk Factors*”, “*Financial Statements*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*”, on pages 27, 247 and 649, respectively.

(₹ in million, except ratios)		
Particulars	Pre-Offer as at June 30, 2021	As adjusted for the proposed Offer <sup>(1)</sup>
<b>Non-Current Borrowings</b>		
Total non-current borrowings (A)	74.33	[●]
<b>Current borrowings</b>		
Total Current Borrowings (B)	124.33	[●]
Total Borrowings C=(A+B)	198.66	[●]
<b>Equity</b>		
Equity share capital	23.33	[●]
Other equity	356.62	[●]
<b>Total Equity (D)</b>	379.95	[●]
<b>Capitalisation E=(C) + (D)</b>	578.61	[●]
<b>Non-current borrowings/equity ratio (A/D)</b>	0.20	[●]
<b>Total borrowings/equity ratio (C/D)</b>	0.52	[●]

<sup>(1)</sup> The corresponding post Offer capitalisation data for each of the amounts mentioned in the above table is not determinable at this stage pending the completion of book building process and hence the same has not been provided in above table.

<sup>(2)</sup> Subsequent to June 30, 2021, (i) on November 17, 2021, our Company subdivided its equity share capital; and (ii) on November 26, 2021, our Company issued bonus shares to the existing shareholders of our Company.

## FINANCIAL INDEBTEDNESS

Our Company and Subsidiaries avail credit facilities in their ordinary course of business for purposes such as meeting their working capital requirements, business requirements and other general corporate purposes. Pursuant to our Articles of Association, our Board has been authorised to borrow, from time to time, at its discretion, any sum or sums of money, by way of cash credit, loan, overdraft, discounting of bills, operating of letters of credit, for standing guarantee or counter-guarantee and any other type of credit line or facility subject to the applicable provisions of the Companies Act 2013.

As on the date of this Draft Red Herring Prospectus, we have made applications and obtained consents from all lenders of our Company to permit the Offer. For further details, see “*We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule, enforcement of security and suspension of further drawdowns, which may adversely affect our business, results of operations, financial condition and cash flows.*” on page 37.

### Borrowings of our Company

As of November 30, 2021, our Company and Subsidiaries had outstanding indebtedness on a consolidated basis, including long-term borrowings (including current maturity of long-term debt) and short-term borrowings aggregating to ₹ 826.85 million. Set forth below is a brief summary of aggregate borrowings of our Company and Subsidiaries:

<i>(in ₹ million unless otherwise stated)</i>		
Category of borrowing	Sanctioned amount	Outstanding amount as on November 30, 2021
<b>Fund based</b>		
Term loans	451.60	420.53
Overdraft facility (including sales invoice discounting and post-shipment credit facility)	300.00	252.19
Inter-corporate loan (external commercial borrowing availed from our Promoter)	150.22	150.22
<b>Non-fund based</b>		
Bank guarantee*	4.00	3.91
<b>Total Borrowings</b>	<b>901.82</b>	<b>826.85</b>

\*Sub-limit of overdraft facility

Note: As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated December 24, 2021.

### Principal terms of the borrowings availed of by our Company and Subsidiaries

Set out below are the principal terms of the borrowings availed of by our Company and Subsidiaries, which are indicative and there may be additional terms under the various borrowing arrangements entered into by us:

- Interest:** The rate of interest of our term loans ranges between 9.5% to 14.35% per annum. The interest rate of the overdraft facilities availed is tied to 6 months' MCLR and 0.50% per annum. Our post-shipment credit facility and sales invoice discounting facilities are priced at 3 months' MCLR + 0.65% with varying reset options. Commission payable for the bank guarantee facilities availed by us is 0.30% per quarter. The rate of interest for our inter-corporate loan is 6 months LIBOR + 300 bps per annum.
- Tenor:** The tenor of our term loan 2- 30 years. The tenor of our overdraft facility is 12 months and that of our post-shipment credit facility and sales invoice discounting facility is four and three months respectively. The tenor of our bank guarantee is 36 months. The tenor of our inter-corporate loan is a little less than five years.
- Security:** The sales invoice discounting facility availed by us is typically secured by way of:
  - exclusive charge on our entire receivables discounted by relevant lender;
  - first *pari passu* charge over the current assets and movable fixed assets (both present and future) excluding receivables discounted by the relevant lender; and
  - corporate guarantee of ₹ 255.00 million by CTIPL.

The bank guarantees and the over-draft facilities are secured by 100% cash margin by way of fixed deposits placed under lien in favour of the lender.

The post-shipment credit facility availed by us is secured by way of:

- (a) exclusive charge on our entire receivables discounted by relevant lender; and
- (b) corporate guarantee of ₹ 255.00 million by CTIPL.

The term loan availed by our Company is secured by way of:

- (a) *Pari passu* charge on all the fixed, current and non-current assets of the Company; and
- (b) Unconditional and irrevocable corporate guarantee of ₹215.00 million from CTIPL.

The term loan of our Material Subsidiary, CPL has been secured by way of a continuing and unconditional guarantee by our other Subsidiaries, namely Capillary Dubai, Capillary Malaysia, and Capillary Shanghai, along with, Capillary Technologies Inc., an entity forming part of our Promoter Group.

No security has been provided for our inter-corporate loan.

- 4. **Re-payment:** While the overdraft facility is repayable on demand, the payment for sales invoice discounting facilities shall be made on the due date based on the disbursement against invoices raised to the agreed upon customer. The payment for post-shipment credit facility shall be made on the due date as per the facility letter. The repayment of our term loan and inter-corporate loan shall be as per the repayment schedule.
- 5. **Prepayment:** The facilities availed by us generally have prepayment provisions which allow for prepayment of the outstanding loan amount on providing prior notice to the concerned lender or receiving prior approval from such concerned lender, subject to a prepayment premium of 2% to 3%, or as laid down in the facility document, as the case may be. However, pre-payment under the term loan availed by our Company is permitted only after July 31, 2022, with a 3% prepayment charge.
- 6. **Covenants:** Borrowing arrangements entered into by us typically contain various restrictive conditions and covenants restricting certain corporate actions. Pursuant to these, we:
  - (a) will not act such that the lender may become inferior to any other lender, whether present or future;
  - (b) will route entire 100% domestic cash flows through the lender only;
  - (c) will not open an account with any other bank without the prior approval of the lender;
  - (d) shall not declare or pay any dividend or any other distribution of profits or permit withdrawal of amounts brought in if an event of default has occurred;
  - (e) shall comply with environmental laws;
  - (f) keep the lender informed of any event likely to have a substantial impact on its business or profits;
  - (g) shall not dispose, sell, lease, assign or transfer any of our assets during the tenor of the facility; and
  - (h) shall not transfer or assign our rights and obligations under the facility.
- 7. **Events of Default:** Borrowing arrangements entered into by us contain standard events of default, including:
  - (a) failure to pay/repay principal and/or interest in respect of the facilities on the due dates, whether at stated maturity, by acceleration or otherwise;

- (b) compounding with creditors or appointment of receiver for management of assets;
- (c) cessation of our membership from the group companies including our promoter, CTIPL and its subsidiaries;
- (d) failure or breach on our part to perform any obligations or terms or conditions applicable under the loan documentation or any other agreement with any other bank, financial institution, creditor or any other person including non-payment in full of any part of the outstanding balance when due or when demanded by the lender;
- (e) breach of any statement, representation, warranty, confirmation, covenant, condition, agreement or any other conditions subject to the terms of the relevant borrowing arrangement;
- (f) filing of bankruptcy petition concerning us;
- (g) dilution in shareholding of our Promoter, without prior approval of the lender;
- (h) failure to create and/or perfect security within such period as contemplated under the respective facility agreements;
- (i) any deterioration or impairment of the assets underlying the security or any part of such security which causes the security to become unsatisfactory as to character, including depreciation in the margin, value or market price of the assets;
- (j) cessation of our business or any event that makes the continuance of our operations illegal;
- (k) commencement of or threat of commencement of any arbitration, administrative or other legal proceedings, which if determined adversely, might have a material adverse effect;
- (l) utilization of a loan for purposes other than the sanctioned purpose; and
- (m) cross default, that is, a default in respect of a lender, committed by our Subsidiaries or if the creditor of any of our Subsidiaries cancels or suspends the facility extended to such Subsidiary or asks for amount payable under the facility prior to its maturity date.

8. ***Consequences of occurrence of events of default:*** In terms of our facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, our lenders may:

- (a) declare the facilities, together with accrued interest and other monies, to be immediately due and payable and upon such declaration, the same shall become immediately payable;
- (b) adjust the amounts that may be standing credited in our deposit accounts held with the lender and the interest accruing thereon, even though the said deposits might not have matured for repayment by the lender;
- (c) in case of failure to pay interest, to debit to our accounts and capitalize the amount of such interest as if such amount was a fresh loan advanced by the lender and shall be entitled to charge like interest thereon in addition to the interest being already charged;
- (d) withdraw or cancel the sanctioned facilities;
- (e) enforce their security over the hypothecated assets;
- (f) initiate legal proceedings for recovery of their dues;
- (g) appoint a nominee director on the board;
- (h) declare that all undisbursed portion of the sanctioned amount shall stand cancelled, whereupon the same shall be cancelled;
- (i) impose penal interest over and above the contracted rate on the amount in default;
- (j) demand to furnish unencumbered collateral to the satisfaction of the lender; and
- (k) exercise all other remedies as available under applicable law.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations is derived from and should be read in conjunction with our Financial Information on page 247.*

*This Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see “**Forward-Looking Statements**” on page 19. Also read “**Risk Factors**” and “**- Significant Factors Affecting our Results of Operations**” on pages 27 and 651, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Customer Engagement Software Market Overview – Market Analysis, Compete Benchmarking” dated December 23, 2021 (the “**Zinnov Report**”), exclusively prepared and issued by Zinnov who were appointed pursuant to statement of work dated August 25, 2021, and exclusively commissioned by and paid for by our Company in connection with the Offer. A copy of the Zinnov Report shall be available on the website of our Company at [www.capillarytech.com/investors/](http://www.capillarytech.com/investors/) from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. Unless otherwise indicated, or unless the context otherwise requires, financial, operational, industry and other related information derived from the Zinnov Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see “**Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid for by our Company for such purpose.**” on page 56. Also see, “**Certain Conventions, Use of Financial Information, Industry and Market Data and Currency of Presentation – Industry and Market Data**” on page 13.*

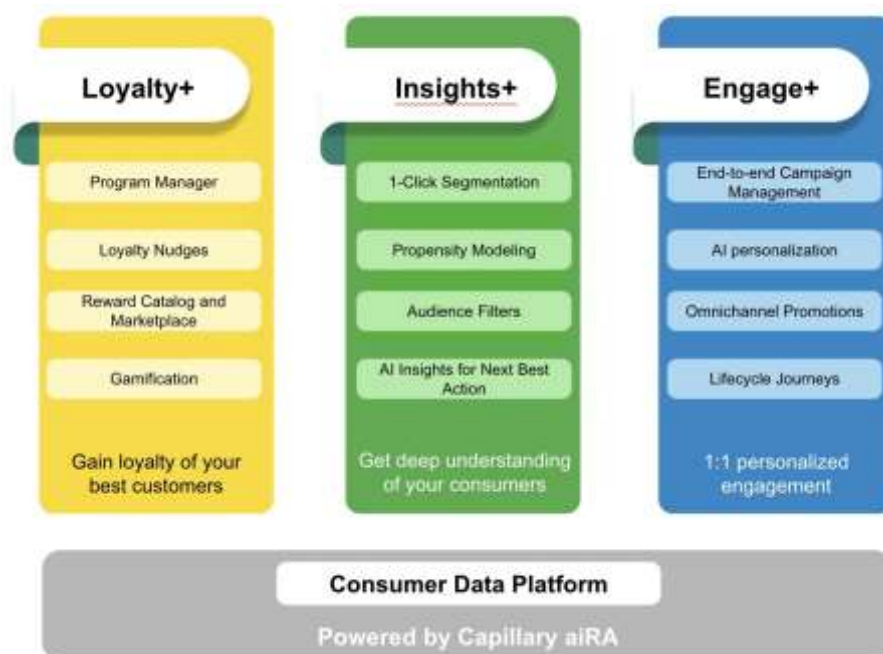
## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS BASED ON OUR RESTATED SUMMARY STATEMENTS

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from the Restated Summary Statements of our Company included in this Draft Red Herring Prospectus.*

### Overview

We are a technology-first company and offer AI-based cloud-native SaaS products and solutions such as automated loyalty management and CDP that enable our large enterprise customers (i.e., customers that typically contribute more than ₹ 3.50 million a year in terms of revenues) to develop loyalty of their consumers and channel partners. Our diversified product suite and technology platform allows our customers to run end-to-end loyalty programs, get a comprehensive view of consumers and offer unified, cross-channel strategies that deliver a real-time omni-channel, personalized, and consistent experience for consumers.





The global TAM for loyalty management is estimated to be ₹ 810 billion (US\$ 11 billion) in 2021 and is expected to reach ₹ 1,190 billion (US\$ 16 billion) by 2024. All the regions across the globe are registering a growth rate of more than 10% from 2021 to 2024, with Asia-Pacific projecting a significant growth rate of 20% from 2021 to 2024. We are the market leader in Asia-Pacific region with a 39% market share in terms of loyalty management capabilities in 2020 based on the geographies in which we operate (includes customer loyalty only and customer segments that we serve but does not include employee loyalty). (Source: Zinnov Report) We have recently expanded our operations in the United States with our acquisition of Persuade Group in September 2021. We focus on developing intellectual property and have been granted eight patents, as of October 31, 2021 as per the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information.



(Based on Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information; As of October 31, 2021)

As of October 31, 2021, we served over 250 brands across more than 30 countries across India, United Arab Emirates, Saudi Arabia, Singapore, Indonesia, Malaysia, Thailand, United States, and China. Our customers and brands are diversified across verticals and jurisdictions. Our customers include businesses engaged in apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality.



We have presence across the United States, India, Middle East, and Asia, in particular, South East Asia. As of October 31, 2021, we had eight offices and provided services in over 30 countries. We have expanded our operations in the United States with our recent acquisition of Persuade Group in September 2021. As of October 31, 2021, we had served more than 875 million users (based on unique mobile numbers) and in Fiscal 2021, we processed 1,975.27 million transactions.

We typically follow the following approaches of pricing our services:

***Retainership and other income from external customers (“Subscription”).*** These are recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

***Income from campaign services (“Campaigns”).*** Campaign revenues are fees paid by customers to us for every message including text messages, email or ad-words that they send out from our platform.

***Installation income from external customers (“Setup”).*** Setup revenues are revenues we charge customers for the integration / configurations to our platform to take a customer live.

For further information, see “***Our Business – Contractual Terms and Pricing***” on page 205.

## **Presentation of Financial Information**

Our Restated Summary Statements for Fiscals 2019, 2020, 2021 and the three months’ period ended June 30, 2021, are derived from our audited financial statements as at and for the years ended March 31, 2019, 2020 and 2021 which were prepared in accordance with accounting principles generally accepted in India (“**Indian GAAP**”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 (as amended), and for the three months’ period ended June 30 2021 prepared in accordance with Indian Accounting Standard 34 (Ind AS 34) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations from time to time and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India.

## **Significant Factors Affecting our Results of Operations and Financial Condition based on the Restated Summary Statements of our Company**

### ***Impact of COVID-19***

The spread of COVID-19 has severely impacted the business operations of our Company around the globe including India. The nationwide lockdown has impacted our Company’s business volumes subsequently on account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the years ended March 31, 2021 and March 31, 2020 and in the three months’ period ended June 30, 2021.

In response to the COVID-19 pandemic, we undertook decisive and comprehensive actions to lessen the impact of the pandemic on our business, including implementing a fully remote, work-from-home policy across all our offices in India, enacting new policies and operating procedures, including restrictions on business travel and reduction of in-person events.

Our customers were impacted by the pandemic throughout Fiscal 2021 and during the months of April to June 2021 on account of the second wave of COVID-19 due to lockdowns and serious health crises in India and Global markets our group companies operate in. As a show of support during this trying period, we extended discounts to our customers, and we also saw lower usage – based revenues (campaign revenue). The conditions caused by the pandemic adversely affected spending by new customers and renewal and retention rates of existing customers. We offered customer discounts primarily during the second and third quarters of 2020 to customers who experienced difficulty, particularly those within the retail, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality industries.

Meanwhile, we have also experienced, and may continue to experience, certain positive impacts on other aspects of our business. We believe that the pandemic has caused many of our customers and potential customers to accelerate their IT and digital investments benefiting businesses, like ours, that enable and enhance digital transformations. In addition, we have seen a temporary reduction in certain operating expenses related to reduced business travel, deferred hiring in certain areas, and the virtualization or postponement of in-person customer and employee events.

Our Company has considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability and carrying amounts of receivables and other assets and assessment of its liquidity position for next one year. For this purpose, our Company considered internal and external sources of information. Our Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, our Company expects to fully recover the carrying amount of these assets and do not expect any cash flow constraints on the basis of support letter received from CTIPL. We will continue to monitor these aspects and take actions as appropriate based on future economic conditions.

Given our subscription-based business model, the effects of the COVID-19 pandemic may not be fully reflected in our revenue until future periods. The extent of the impact of COVID-19 on our future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, related public health measures, and their impact on the macro economy, our current and prospective customers, employees, and vendors. The ultimate impact of the COVID-19 pandemic on our business and operations remains highly uncertain, and it is not possible for us to predict the duration and extent to which this will affect our business, future results of operations, and financial condition at this time. For further information, see “***Risk Factors - Our business and operations have been adversely impacted by the COVID-19 pandemic and the future impact on our business, operations and financial performance is uncertain and could continue for an unknown period of time.***”, “***Risk Factors - Our Statutory Auditor has included certain matters of emphasis in their auditors report on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021 and on our audited financial statements as at and for the three months period ended June 30, 2021 and certain modifications in the annexure to their auditors report under Companies (Auditors Report) Order 2016 on our audited financial statements as at and for the year ended March 31, 2019, 2020 and 2021. Our Statutory Auditor has also included certain emphasis of matters in the Proforma Financial Information.***” and “***- Significant Factors Affecting our Results of Operations and Financial Condition based on the Restated Summary Statements of our Company***” on pages 32, 57 and 651, respectively.

#### ***Ability to improve gross margins, profitability and sales efficiency***

In recent years, our focus has been to improve our gross margins and become profitable. In order to improve profitability, we deployed a strategy to pivot our business to focus on large enterprise customers and transition from lower margin, high service expectation customers, typically mid-market and small and medium-sized customers. We believe that our focus on large enterprise customers will help us improve profitability, New ARR per sales personnel, Payback Period and gross margins. Our total income based on our Restated Summary Statements was ₹1,749.46 million, ₹ 1,675.99 million, ₹ 1,231.57 million and ₹ 337.00 million in Fiscal 2019, 2020 and 2021 and in the three months’ period ended June 30, 2021, respectively. For our India Operations, in Fiscal 2019, 2020 and 2021 and in the three months’ period ended June 30, 2021, our New ARR was ₹ 197.16 million, ₹ 160.19 million, ₹ 123.60 million, and ₹ 1.29 million, respectively. Our New ARR as a percentage of revenue from contracts with external customers was 25.99%, 20.73%, 22.99% and 1.08%, in Fiscal 2019, 2020 and 2021 and in the three months’ period ended June 30, 2021, respectively.

We intend to continue to build by growing our New ARR through our go-to-market initiatives. To deliver on this strategy, in addition to our account-based marketing efforts, we are investing in partnerships with large system integrators, consulting companies. We have also refocused our sales teams to target large enterprise customers, which resulted in fewer sales team members but better sales efficiency. Our number of sales representatives as of March 31, 2019, 2020 and 2021 were 23, 15 and 7, respectively. New ARR per sales personnel was ₹ 8.57 million,

₹ 10.68 million and ₹ 17.66 million in Fiscal 2019, 2020 and 2021, respectively.

As a result of our strategies, basis our Restated Summary Statements, in Fiscals 2019, 2020 and 2021 and the three months' ended June 30, 2021, total revenue from operations were ₹ 1,731.48 million, ₹ 1,661.23 million, ₹ 1,149.03 million and ₹ 331.66 million, respectively. Our Adjusted EBITDA Margin improved from 1.92% in Fiscal 2019 to 15.77% in Fiscal 2021.

### ***Growth of our international business***

A significant part of our revenue comes from services we provide to our group companies. We provide technology development and delivery and support services for our group companies in South East Asia, Middle East and United States. Our service income from group companies for Fiscal 2019, 2020 and 2021 and the three months' period ended June 30, 2021 were ₹ 966.17 million, ₹ 888.30 million, ₹ 611.35 million and ₹ 211.85 million, respectively constituted 55.80%, 53.47%, 53.21% and 63.88% of our revenue from operations for these periods, respectively. A significant part of our revenue would continue to come from services we provide to our group companies and their international customers.

### ***Our ability to retain existing customers and acquire new customers***

We have large and diversified customer base covering a wide spectrum of industry verticals. As of October 31, 2021, we served over 250 brands engaged in apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewellery, entertainment, travel and hospitality.

We typically enter into long-term engagements with our customers and generate significant revenues from repeat business based on our successful prior engagements. We have fostered strong loyalty with existing customers as a result of the quality loyalty products and solutions offered by us, as well as our ability to deliver tangible value to consumers by effectively addressing their needs. In Fiscal 2021, basis the Restated Summary Statements, 84.81% of our revenue from operations excluding service income from group companies and other operating revenues was from customers that have been associated with us for three years.

We aim to acquire and retain new customers and in particular large enterprise customers by, among others, further enhancing the quality and efficiency of our existing products and solutions, offering additional innovative products and solutions and implementing effective sales strategies.

### ***Product, revenue and vertical mix***

We generate revenue primarily from providing SaaS-based products and solutions to our customers. Our product suite provides an omni-channel experience for consumers and helps enhance the returns on investment for our customers. Our single point product offering includes loyalty management, a CDP, a data analytics and insights platform, *Insights+*, and a customer engagement tool *Engage+*. Our *Anywhere Commerce+* business helps retail and consumer brands with building their own e-commerce presence as well as with connectors for marketplaces.

Our customers include businesses engaged in apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality. Our revenues are accordingly impacted by developments in such verticals and our results of operations are particularly sensitive to factors affecting the geographies where we operate including but not limited to competition, regulatory actions, pricing pressures, fluctuations in the demand for our platform, products or solutions.

### ***Ability to enhance operating efficiency through investments in technology***

Our results of operations have been, and will continue to be, affected by our ability to improve our operating efficiency, especially through investment in technology. As our business continues to grow, it is essential to improve operating efficiency to maintain the competitiveness of our platform. We intend to continue to invest in further developing and applying advanced technologies in the fields of programming tools, programming languages, operating systems, data matching, data filtering, data predicting, artificial intelligence, machine learning systems and other database technologies to enhance the functionalities and customer experience of our platform. For our India Operations, in Fiscal 2019, 2020 and 2021, and in the three months' period ended June 30, 2021, our technology development and maintenance cost represented 15.90%, 17.60%, 19.45% and 18.82%, respectively, of our total expenses in such periods. In the future, we will continue to invest in technology to further enhance our operations, which may increase our expenditure or operating costs but will improve our operating

leverage, cost efficiency and service quality. Our continued improvement of our platform is paramount to consumer experience, driving our ability to attract and retain customers, improve subscriptions, and generate revenues. Going forward, we intend to continue to prudently invest resources in technology in a cost-effective manner to support the long-term growth of our business.

### **Changes in currency exchange rates**

Changes in currency exchange rates may influence our results of operations. We report results in our financial statements in Indian rupees, while a significant part of revenues is from outside India and costs associated with our international operations are denominated in currencies other than Indian rupees, most significantly the U.S. dollar. Changes in the value of the Indian rupee against such other currencies, particularly the U.S. dollar, could increase or decrease the rupee cost of purchasing software, components or services and the cost of making various payments, and increase or reduce our margins. The exchange rate between the Indian rupee and these other currencies particularly the U.S. dollar has been volatile in recent periods and may continue to fluctuate significantly in the future. We closely follow our exposure to foreign currencies and may, in the future, selectively enter into hedging transactions to reduce the risks of currency fluctuations.

### **Non-GAAP Measures based on the Restated Summary Statements of our Company**

Adjusted EBITDA, Adjusted EBITDA Margin and Debt to Equity ratio (together, “Non-GAAP Measures”), presented in this section is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company’s operating performance.

### **Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to Restated Profit / (Loss) for the Period/Year**

The table below reconciles the profit / (loss) for the year / period as per the Restated Summary Statements to EBITDA, and Adjusted EBITDA. Adjusted EBITDA is calculated as profit / (loss) for the year / period as per the Restated Summary Statements plus tax expense, finance cost, depreciation and amortisation expenses, intangible assets under development written off, exceptional (loss), employee stock option expenses, loss on account of foreign exchange fluctuations (net) and advances / deposits written off less other income, finance income, exceptional gains, gain on account of foreign exchange fluctuations (net) while Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by revenue from operations.

Particulars	For the year ended March 31, 2019 (As Adjusted)	For the year ended March 31, 2020 (As Adjusted)	For the year ended March 31, 2021	For the three month period ended June 30, 2021
<i>(in ₹ million, except percentages)</i>				
Restated (Loss) /Profit for the year/ period (A)	(116.68)	2.06	169.40	25.28
Total Tax Expenses (B)	-	-	-	-
Restated Profit / (loss) before tax (C=A+B)	(116.68)	2.06	169.40	25.28
<b>Add:</b>				
Finance Costs (D)	38.05	32.27	18.70	3.85
Depreciation and Amortisation expenses( E)	61.50	49.65	34.15	7.02
<b>Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA) (F = C+D+E)</b>	<b>(17.13)</b>	<b>83.98</b>	<b>222.25</b>	<b>36.15</b>

Particulars	For the year ended March 31, 2019 (As Adjusted)	For the year ended March 31, 2020 (As Adjusted)	For the year ended March 31, 2021	For the three month period ended June 30, 2021
	<i>(in ₹ million, except percentages)</i>			
Less: Other income (G)	(12.79)	(1.77)	(70.20)	(3.40)
Less: Finance income (H)	(5.19)	(12.99)	(12.34)	(1.94)
Add: Employee stock option expenses (I)	67.28	39.82	35.70	35.67
Add: Loss on account of foreign exchange fluctuations (net) (J)	-	1.54	-	-
Add: Advances/ deposits written off (K)	1.11	3.53	5.75	1.12
<b>Adjusted Earnings before interest, taxes, depreciation and amortisation expenses (Adjusted EBITDA) (L = F-G-H+I+J+K)</b>	<b>33.28</b>	<b>114.11</b>	<b>181.16</b>	<b>67.60</b>
Revenue from operations (M)	1,731.48	1,661.23	1,149.03	331.66
<b>Adjusted EBITDA Margin % (Adjusted EBITDA as a percentage of Revenue from operations) (N = L / M)</b>	<b>1.92%</b>	<b>6.87%</b>	<b>15.77%</b>	<b>20.38%</b>

### Results of Operations based on the Restated Summary Statements of our Company

The following table sets forth certain financial information with respect to our results of operations for Fiscal 2019, 2020 and 2021 and for the three months' period ended June 30, 2021, the components of which are also expressed as a percentage of total income for such periods:

Particulars		Fiscal						Three months period ended June 30, 2021	
		2019 (As Adjusted)		2020 (As Adjusted)		2021			
		Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income
<b>Income</b>									
Revenue from operations		1,731.48	98.97%	1,661.23	99.12%	1,149.03	93.30%	331.66	98.42%
Other income		12.79	0.73%	1.77	0.11%	70.20	5.70%	3.40	1.01%
Finance income		5.19	0.30%	12.99	0.77%	12.34	1.00%	1.94	0.57%
<b>Total Income</b>		<b>1,749.46</b>	<b>100.00%</b>	<b>1,675.99</b>	<b>100.00%</b>	<b>1,231.57</b>	<b>100.00%</b>	<b>337.00</b>	<b>100.00%</b>
<b>Expenses</b>									
Cost of campaign services		265.08	15.15%	225.76	13.47%	88.29	7.17%	12.02	3.57%
Professional and consultancy services		190.26	10.88%	143.86	8.58%	123.99	10.07%	40.53	12.03%
Employee benefit expenses		988.44	56.50%	982.48	58.62%	718.78	58.36%	228.85	67.91%
Depreciation and amortisation expenses		61.50	3.52%	49.65	2.96%	34.15	2.77%	7.02	2.08%
Finance costs		38.05	2.17%	32.27	1.93%	18.70	1.52%	3.85	1.14%
Other expenses		322.81	18.45%	239.91	14.31%	78.26	6.36%	19.45	5.77%
<b>Total expenses</b>		<b>1,866.14</b>	<b>106.67%</b>	<b>1,673.93</b>	<b>99.88%</b>	<b>1,062.17</b>	<b>86.25%</b>	<b>311.72</b>	<b>92.50%</b>
<b>Restated profit/ (loss) before tax</b>		<b>(116.68)</b>	<b>(6.67)%</b>	<b>2.06</b>	<b>0.12%</b>	<b>169.40</b>	<b>13.75%</b>	<b>25.28</b>	<b>7.50%</b>
<b>Tax Expenses</b>									
Current tax		-	-	-	-	-	-	-	-
Deferred tax charge / (credit)		-	-	-	-	-	-	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restated profit/ (loss) for the period / year</b>		<b>(116.68)</b>	<b>(6.67)%</b>	<b>2.06</b>	<b>0.12%</b>	<b>169.40</b>	<b>13.75%</b>	<b>25.28</b>	<b>7.50%</b>
<b>Other comprehensive income</b>									
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>									
Re-measurement gains/ (losses) on		(1.10)	(0.06)%	11.21	0.67%	0.56	0.05%	(5.96)	(1.77)%

Particulars	2019 (As Adjusted)		Fiscal 2020 (As Adjusted)		2021		Three months period ended June 30, 2021	
	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income
defined benefit plans								
Income tax effect on above	-	-	-	-	-	-	-	-
<b>Restated total other comprehensive income / (loss) for the period / year (net of tax)</b>	<b>(1.10)</b>	<b>(0.06)%</b>	<b>11.21</b>	<b>0.67%</b>	<b>0.56</b>	<b>0.05%</b>	<b>(5.96)</b>	<b>(1.77)%</b>
<b>Restated total comprehensive income / (loss) for the period / year (net of tax)</b>	<b>(117.78)</b>	<b>(6.73)%</b>	<b>13.27</b>	<b>0.79%</b>	<b>169.96</b>	<b>13.80%</b>	<b>19.32</b>	<b>5.73%</b>

### Three Months Period Ended June 30, 2021

#### Key Developments

- Our operations were impacted by the second wave of the COVID-19 pandemic in India. Under these circumstances, we provided discounts to certain of our customers who were materially impacted by the lockdowns and other restrictions associated with the pandemic. We also experienced lower usage based revenues as a result of such lockdown and other restrictions imposed by government agencies in India.
- With our retail and hospitality customers significantly impacted, we strategically focused our new business efforts on non-retail and non-travel verticals such as diversified conglomerates, oil & gas and consumer goods companies, especially on large enterprises with stronger financial condition to weather the impact of the COVID-19 pandemic.
- We also continued to implement cost rationalization structures, including renegotiating terms negotiations with our vendors, streamlining processes, reducing travel expenses, rationalising sales and marketing expenses, and not making any new hires or extending salary raises.

#### Income

Our total income comprises (i) revenue from operations; (ii) other income; and (iii) finance income. Total income for the three months' period ended June 30, 2021 was ₹ 337.00 million.

**Revenue from Operations.** Our revenue from operations comprises revenues from sale of our services. Revenue from operations for the three months' period ended June 30, 2021 was ₹ 331.66 million.

**Sale of Services.** Sale of services comprises of (i) service income from group companies, i.e., service income from provision of technical, analytical and other support services to other companies of Capillary Group; (ii) income from retainership and other services, i.e., subscription revenue paid by our customers based on the number of transactions, customers and stores / customer touch points live on our platform; (iii) installation income from external customers, i.e., revenue we charge our customers to do integrations between our platform and their systems, and for configuring the platforms to function as needed; and (iv) income from campaign services, i.e., usage-based revenues from campaigns our customers implement on our platform. We charge our customers a fee for every message that is sent out from our platform and our charges are dependent on the media the customer is using (e-mail, SMS, social media, push notifications, etc.). Sale of services for the three months' period ended June 30, 2021 was ₹ 331.66 million.

The following table sets forth certain information relating to our sale of services in the period indicated:

Sale of Service	For the three months' period ended June 30, 2021 (in ₹ million)
Service income from group companies	211.85
Retainership and other income from external customers <sup>#</sup>	91.68
Installation income from external customers	13.78
Income from campaign services	14.35
<b>Total</b>	<b>331.66</b>

*# Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.*

### **Other Income**

Other income includes, among other items, export incentives, provisions / liabilities no longer required written back, net gain on modification of lease contracts and gain on account of foreign exchange fluctuations (net).

Other income for the three months' period ended June 30, 2021 was ₹ 3.40 million, including Provisions/liabilities no longer required written back of ₹ 0.68 million and gain on account of foreign exchange fluctuations (net) of ₹ 2.72 million.

### **Finance Income**

Finance income includes, among other items, interest income on bank deposits, interest on income tax refund and Interest income on security deposits .

Finance income for the three months' period ended June 30, 2021 was ₹ 1.94 million, entirely relating to interest income on bank deposits.

### **Expenses**

Our expenses include (i) cost of campaign services; (ii) professional and consultancy services; (iii) employee benefit expenses; (iv) depreciation and amortisation expenses; (v) finance costs, and (vi) other expenses.

Total expenses for the three months' period ended June 30, 2021 was ₹ 311.72 million.

**Cost of Campaign Services.** Cost of campaign services are costs incurred by us on media costs for the messages sent out from our platform. Cost of campaign services for the three months' period ended June 30, 2021 was ₹ 12.02 million.

**Professional and Consultancy Services.** Professional and consultancy services primarily include services availed from third party vendors that assist in taking our customers live or help us in providing ongoing support to our customers and support functions within the Company. Professional and consultancy services for the three months' period ended June 30, 2021 was ₹ 40.53 million.

**Employee Benefit Expenses.** Employee benefit expenses include (i) salaries, wages and bonus; (ii) sales commission expenses; (iii) contribution to provident and other funds; (iv) employee stock option expenses; (v) gratuity expenses; (vi) staff welfare expenses, and (vii) staff training and recruitment expenses.

Employee benefit expenses was ₹ 228.85 million for the three months' period ended June 30, 2021 including salaries, wages and bonus of ₹ 184.03 million, sales commission expenses of ₹ 1.32 million, contribution to provident and other funds of ₹ 1.90 million, employee stock option expenses of ₹ 35.67 million, gratuity expenses of ₹ 2.68 million, staff welfare expenses of ₹ 2.65 million and staff training and recruitment expenses of ₹ 0.60 million.

**Depreciation and Amortisation Expenses.** Depreciation and amortisation expenses include (i) depreciation of property, plant and equipment; (ii) depreciation of right-of-use assets, and (iii) amortisation of intangible assets. Depreciation and amortisation expenses for the three months' period ended June 30, 2021 was ₹ 7.02 million, comprising depreciation of property, plant and equipment of ₹ 0.66 million, depreciation of right-of-use assets of ₹ 5.97 million, and amortisation of intangible assets of ₹ 0.39 million.

**Finance Costs.** Finance costs include, among other things, (i) interest on debts and borrowings; (ii) interest on lease liabilities; and (iii) bank charges.

Finance costs for the three months' period ended June 30, 2021 was ₹ 3.85 million, primarily comprising interest on debts and borrowings of ₹ 1.97 million, interest on lease liabilities of ₹ 0.89 million and bank charges of ₹ 0.99 million.

**Other Expenses.** Other expenses include travelling and conveyance, rent, communication costs, payment to auditor, power and fuel, provision for doubtful trade receivables and advances (including bad debts written off), advances /



deposits written off, selling and marketing expenses, repairs and maintenance – others, loss on account of foreign exchange fluctuations (net), rates and taxes, software and server charges, and miscellaneous expenses.

Other expenses for the three months' period ended June 30, 2021 was ₹ 19.45 million, primarily comprising software and server charges of ₹ 7.04 million, selling and marketing expenses of ₹ 2.58 million, payment to auditor of ₹ 5.00 million, communication costs of ₹ 1.17 million, and miscellaneous expenses of ₹ 1.37 million.

**Restated Profit before Tax.** For the reasons discussed above, restated profit before tax was ₹ 25.28 million for the three months' period ended June 30, 2021.

**Tax expenses.** We did not incur any tax expenses for the three months' period ended June 30, 2021.

**Restated Profit for the Period.** We recorded restated profit for the period of ₹ 25.28 million for the three months' period ended June 30, 2021.

**Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA).** Adjusted EBITDA was ₹ 67.60 million, while Adjusted EBITDA Margin was 20.38% for the three months' period ended June 30, 2021.

## **FISCAL 2021 COMPARED TO FISCAL 2020**

### **Key Developments**

- Our business operations were adversely impacted by the COVID-19 pandemic in Fiscal 2021 as we witnessed a decline in our revenue from operations. In particular, our customers in the retail and hospitality sectors were severely affected by lockdowns and other restrictions imposed by governments globally, leading to significantly lower revenues from operations from such customers.
- We therefore strategically focused our business development efforts on non-retail and non-travel verticals such as diversified conglomerates, oil and gas and consumer goods companies, to compensate for the significant adverse impact on our retail and hospitality clients.
- We also increasingly focused our new business efforts on large enterprises, who had the benefit of stronger financial condition to weather the impact of the COVID-19 pandemic.
- In order to realign our cost structures, we entered into negotiations with almost all of our vendors globally, including vendors that provide hosting services, rationalised processes to meet reduced demand for our services, curtailed travel expenses, rationalised sales and marketing expenses, and temporarily ceased new hires and salary raises.

### **Income**

Total income decreased by 26.52% from ₹ 1,675.99 million in Fiscal 2020 to ₹ 1,231.57 million in Fiscal 2021.

**Revenue from Operations.** Our revenue from operations, comprising sale of services, decreased by 30.83% from ₹ 1,661.23 million in Fiscal 2020 to ₹ 1,149.03 million in Fiscal 2021 primarily on account of the impact of the COVID-19 pandemic.

**Sale of Services.** Service income from group companies also reduced on account of the impact of the COVID-19 pandemic. However, we were successful in securing contracts with certain large customers in India in the oil and gas industry which in part offset the impact of the discounts extended in India, and business in our Company experienced relatively lower decrease in revenues from operations compared to most of the international companies in Capillary Group.

Retainership and other income from external customers and installation income from external customers also decreased primarily due to discounts on our subscription services extended to our customers during the period of lockdowns as well as subsequent periods when our customers' businesses were adversely impacted. In addition, income from campaign services also decreased as our customers ran fewer campaigns during such periods due to the impact of the COVID-19 pandemic.

Our sale of services decreased by 30.83% from ₹ 1,661.23 million in Fiscal 2020 to ₹ 1,149.03 million in Fiscal 2021

The following table sets forth certain information relating to our revenue from sale of services presented in accordance with the types of services we offer in the periods indicated:

Type of Service	Fiscal 2020 (As Adjusted) (in ₹ million)	Fiscal 2021 (in ₹ million)	Percentage increase / (decrease) (%)
Service income from Group Companies	888.30	611.35	(31.18)%
Retainership and other income from external customers <sup>#</sup>	492.28	402.24	(18.29)%
Installation income from external customers	24.86	43.59	75.34%
Income from campaign services	255.79	91.85	(64.09)%
<b>Total</b>	<b>1,661.23</b>	<b>1,149.03</b>	<b>(30.83)%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

**Other Income.** Other income increased from ₹ 1.77 million in Fiscal 2020 to ₹ 70.20 million in Fiscal 2021 primarily due to an increase in export incentives. While we did not benefit from any export incentives in Fiscal 2020, we enjoyed export benefits of ₹ 49.23 million in Fiscal 2021 on account of service export incentive scheme submissions and corresponding receipts against approvals of Fiscal 2017, 2018 and 2019. We also recorded a Net gain on modification of lease contracts in Fiscal 2021 to the tune of ₹ 8.43 million on account of modification and reduction of lease term which ends in December 2021 instead of December 2023. We did not record any such gain in Fiscal 2020. In addition, gain on account of foreign exchange fluctuations (net) was ₹ 7.64 million in Fiscal 2021 for a favourable foreign exchange position as compared to Fiscal 2020 wherein we incurred a loss on account of foreign exchange fluctuations (net) of ₹ 1.54 million. These increases in other income were partly offset by a decrease in provisions / liabilities no longer required written back of ₹ 1.76 million in Fiscal 2020 with no such gain in Fiscal 2021.

**Finance Income.** Finance income marginally reduced from ₹ 12.99 million in Fiscal 2020 to ₹ 12.34 million in Fiscal 2021 primarily due to a decrease in interest income on bank deposits by 15.51% from ₹ 4.45 million in Fiscal 2020 to ₹ 3.76 million in Fiscal 2021 and decrease in Interest income on security deposits from ₹ 3.24 million in Fiscal 2020 to nil in Fiscal 2021, which was in part offset by increase in interest income on income tax refunds by 61.89% from ₹ 5.30 million in Fiscal 2020 to ₹ 8.58 million in Fiscal 2021.

## Expenses

Total expenses reduced by 36.55% from ₹ 1,673.93 million in Fiscal 2020 to ₹ 1,062.17 million in Fiscal 2021.

**Cost of Campaign Services.** Cost of campaign services decreased by 60.89% from ₹ 225.76 million in Fiscal 2020 to ₹ 88.29 million in Fiscal 2021 primarily on account of a decrease in the number of campaigns run by our customers due to the economic impact of the COVID-19 pandemic as well as associated lockdown and travel restrictions.

**Professional and Consultancy Services.** Professional and consultancy services decreased by 13.81% from ₹ 143.86 million in Fiscal 2020 to ₹ 123.99 million in Fiscal 2021.

**Employee Benefit Expenses.** Employee benefit expenses decreased by 26.84% from ₹ 982.48 million in Fiscal 2020 to ₹ 718.78 million in Fiscal 2021, primarily due to a decrease in salaries, wages and bonus by 27.08% from ₹ 883.59 million in Fiscal 2020 to ₹ 644.28 million in Fiscal 2021 primarily resulting from rationalisation of processes and reduction in workforce response to the impact of COVID-19 pandemic, as well as modifications made in our sales team to strategically focus on large enterprises, thereby reducing the number of sales personnel. In addition, large enterprises operate at high margins and consequently cost of implementation and cost of servicing such customers as well as team size to implement / service such customers are relatively lower / smaller. As a result of these measures, contribution to provident and other funds decreased by 37.80% from ₹ 12.70 million in Fiscal 2020 to ₹ 7.90 million in Fiscal 2021, employee stock option expenses decreased by 10.35% from ₹ 39.82 million to ₹ 35.70 million, gratuity expenses decreased by 12.13% from ₹ 11.95 million to ₹ 10.50 million, and staff welfare expenses decreased by 56.30% from ₹ 28.88 million in Fiscal 2020 to ₹ 12.62 million.

**Depreciation and Amortisation Expenses.** Depreciation and amortisation expenses decreased by 31.22% from ₹ 49.65 million in Fiscal 2020 to ₹ 34.15 million in Fiscal 2021, primarily due to a decrease in depreciation of property, plant and equipment by 34.14% from ₹ 11.63 million in Fiscal 2020 to ₹ 7.66 million in Fiscal 2021, depreciation of right-of-use assets by 35.31% from ₹ 36.93 million to ₹ 23.89 million. While there were significant

additions of gross block of tangible and intangible assets in Fiscal 2019 resulting in significant depreciation in Fiscal 2020, there was no significant increase in Fiscals 2020 and 2021 due to the end of useful life of the assets acquired in Fiscal 2019. Further, the depreciation of right-of-use assets reduced considerably on account of modification and reduction of lease term. Amortisation of intangible assets increased from ₹ 1.09 million in Fiscal 2020 to ₹ 2.60 million in Fiscal 2021.

**Finance Costs.** Finance costs decreased by 42.05% from ₹ 32.27 million in Fiscal 2020 to ₹ 18.70 million in Fiscal 2021, primarily due to a decrease in interest on debts and borrowings by 42.73% from ₹ 19.40 million in Fiscal 2020 to ₹ 11.11 million in Fiscal 2021 due to overall reduction in short term borrowings and repayment of term loan. Interest on lease liabilities similarly decreased by 28.65% from ₹ 5.55 million in Fiscal 2020 to ₹ 3.96 million in Fiscal 2021 while bank charges reduced by 43.42% from ₹ 3.57 million to ₹ 2.02 million.

**Other Expenses.** Other expenses decreased by 67.38% from ₹ 239.91 million in Fiscal 2020 to ₹ 78.26 million in Fiscal 2021, primarily due to a decrease in:

- Travelling and conveyance by 95.99% from ₹ 63.11 million in Fiscal 2020 to ₹ 2.53 million in Fiscal 2021 primarily due to travel restrictions imposed because of COVID-19;
- Selling and marketing expenses by 38.67% from ₹ 18.00 million in Fiscal 2020 to ₹ 11.04 million in Fiscal 2021 primarily due to change in strategy of targeting multiple small and medium enterprises to select large enterprises;
- Rent expenses by 44.71% from ₹ 11.92 million in Fiscal 2020 to ₹ 6.59 million in Fiscal 2021 primarily due to reduction in rented spaces across our offices given the transition to hybrid work model;
- Power and fuel expense by 99.89% from ₹ 8.91 million in Fiscal 2020 to ₹ 0.01 million in Fiscal 2021 on account of shifting of office premises to a managed workspace, wherein we were not required to incur costs for utilities;
- Software and server charges by 31.43% from ₹ 50.71 million in Fiscal 2020 to ₹ 34.77 million in Fiscal 2021 primarily due to reduced server usages given the impact of COVID-19;
- Provision for doubtful trade receivables and advances (including bad debts written off) from ₹ 43.47 million in Fiscal 2020 to nil in Fiscal 2021. This was primarily due to increased uncertainty over recoverability of customers billed towards the end of Fiscal 2020 on account of the impact of COVID 19. However, a large extent of these was recovered subsequently in Fiscal 2021 offsetting the amounts provided for in Fiscal 2020.
- Communication costs by 60.06% from ₹ 12.67 million in Fiscal 2020 to ₹ 5.06 million in Fiscal 2021 primarily due to movement of our employees to a hybrid work model leading to reduced communications costs in our offices; and
- Miscellaneous expenses by 44.36% from ₹ 11.97 million in Fiscal 2020 to ₹ 6.66 million in Fiscal 2021 primarily due to the impact of COVID-19 and reduced employee headcount.

This was marginally offset by an increase in rates and taxes from ₹ 0.33 million in Fiscal 2020 to ₹ 1.95 million in Fiscal 2021, and increase in advances / deposits written off by 62.89% from ₹ 3.53 million in Fiscal 2020 to ₹ 5.75 million in Fiscal 2021 due to write-off of non-recoverable withholding taxes.

**Restated Profit before Tax.** For the reasons discussed above, restated profit before tax was ₹ 169.40 million in Fiscal 2021 as compared to ₹ 2.06 million in Fiscal 2020.

**Tax expenses.** We did not incur any current tax or deferred tax charge / (credit) in Fiscal 2021 and Fiscal 2020.

**Restated Profit for the Year.** We recorded a restated profit for the year of ₹ 169.40 million in Fiscal 2021 as compared to ₹ 2.06 million in Fiscal 2020.

**Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA).** Adjusted EBITDA was ₹ 181.16 million in Fiscal 2021 as compared to ₹ 114.11 million in Fiscal 2020, while Adjusted EBITDA Margin was 15.77% in Fiscal 2021 as compared to 6.87% in Fiscal 2020.

## FISCAL 2020 COMPARED TO FISCAL 2019

### Key Developments

- We focused our efforts in Fiscal 2020 to improve our margins and profitability. In order to improve profitability, we ceased working with customers that require more services from us on an ongoing basis or during the initial go-live period, typically smaller customers who require additional service attention.
- We also renegotiated with customers to reduce services provided to them, and with customers where margins were relatively low.
- We also centralized our operations and transferred a majority of our global delivery efforts to Bengaluru and focused our new business efforts on winning large enterprise customers from our earlier focus of having teams for all segments of the market.

### Income.

Total income decreased by 4.20% from ₹ 1,749.46 million in Fiscal 2019 to ₹ 1,675.99 million in Fiscal 2020.

**Revenue from Operations.** Revenue from operations decreased by 4.06% from ₹ 1,731.48 million in Fiscal 2019 to ₹ 1,661.23 million in Fiscal 2020.

**Sale of Services.** Sale of services decreased by 3.68% from ₹ 1,724.76 million in Fiscal 2019 to ₹ 1,661.23 million in Fiscal 2020 primarily due to the focus on profitability. We let go off customers who were delivering lower margins and renegotiated with some of our lower-margin customers to reduce service offerings. This meant revenue from existing customers who left the platform came down, and revenues from customers who moved to self-service also marginally reduced. We also added new large enterprise customers in India that compensated for this reduction. Campaign service revenues reduced as the customers who left our platform were not running the campaigns they ran the earlier year.

The following table sets forth certain information relating to our sale of services presented in accordance with the types of services we offer in the periods indicated:

Type of Service	Fiscal 2019 (As Adjusted) (in ₹ million)	Fiscal 2020 (As Adjusted) (in ₹ million)	Percentage increase / (decrease) (%)
Service income from group companies	966.17	888.30	(8.06)%
Retainership and other income from external customers <sup>#</sup>	438.34	492.28	12.31%
Installation income from external customers	39.95	24.86	(37.77)%
Income from campaign services	280.30	255.79	(8.74)%
<b>Total</b>	<b>1,724.76</b>	<b>1,661.23</b>	<b>(3.68)%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

**Other Income.** Other income decreased by 86.16% from ₹ 12.79 million in Fiscal 2019 to ₹ 1.77 million in Fiscal 2020 primarily due to a decrease in gain on account of foreign exchange fluctuations (net) from ₹ 10.18 million in Fiscal 2019 to a loss on account of foreign exchange fluctuations (net) of ₹ 1.54 million in Fiscal 2020 primarily due to a favourable foreign exchange position in Fiscal 2019 as compared to Fiscal 2020. This was marginally offset by an increase in provisions / liabilities no longer required written back by 64.49% from ₹ 1.07 million in Fiscal 2019 to ₹ 1.76 million in Fiscal 2020.

**Finance Income.** Finance income increased by 150.29% from ₹ 5.19 million in Fiscal 2019 to ₹ 12.99 million in Fiscal 2020 primarily due to an increase in interest income on income tax refund from nil in Fiscal 2019 to ₹ 5.30 million in Fiscal 2020 and increase in interest income on bank deposits by 215.60% from ₹ 1.41 million in Fiscal 2019 to ₹ 4.45 million in Fiscal 2020.

### Expenses

Total expenses reduced by 10.30% from ₹ 1,866.14 million in Fiscal 2019 to ₹ 1,673.93 million in Fiscal 2020.

**Cost of Campaign Services.** Cost of campaign services decreased by 14.83% from ₹ 265.08 million in Fiscal 2019 to ₹ 225.76 million in Fiscal 2020 primarily due to, (i) reduction in number of campaigns run by a reduced number of customers using our platform, and (ii) we ran an RFP process with our C-PaaS providers and increased campaign revenue margins through the same resulting in lower campaign costs.

**Professional and Consultancy Services.** Professional and consultancy services decreased by 24.39% from ₹ 190.26 million in Fiscal 2019 to ₹ 143.86 million in Fiscal 2020 primarily due to letting go off customers who needed heavier implementations and on-going services which led to a reduction in our need for these services from other vendors.

**Employee Benefit Expenses.** Employee benefit expenses reduced by 0.60% from ₹ 988.44 million in Fiscal 2019 to ₹ 982.48 million in Fiscal 2020, primarily due to an increased focus on profitability, which was implemented through measures mentioned above leading to reduced headcounts. Employee stock option expenses reduced by 40.81% from ₹ 67.28 million in Fiscal 2019 to ₹ 39.82 million in Fiscal 2020 primarily due to the profitability drive which helped us reduce headcounts. These reductions were mostly in senior management in the servicing teams towards the end of Fiscal 2020. Gratuity expenses decreased by 12.71% from ₹ 13.69 million in Fiscal 2019 to ₹ 11.95 million in Fiscal 2020 and staff welfare expenses decreased by 17.08% from ₹ 34.83 million in Fiscal 2019 to ₹ 28.88 million in Fiscal 2020. These decreases have been marginally offset by an increase in salaries, wages and bonus by 4.09% from ₹ 848.87 million in Fiscal 2019 to ₹ 883.59 million in Fiscal 2020, and increase in sales commission expenses by 48.50% from ₹ 3.34 million in Fiscal 2019 to ₹ 4.96 million in Fiscal 2020 primarily due to new business wins in India.

**Depreciation and Amortisation Expenses.** Depreciation and amortisation expenses decreased by 19.27% from ₹ 61.50 million in Fiscal 2019 to ₹ 49.65 million in Fiscal 2020, primarily due to a decrease in depreciation of property, plant and equipment by 30.77% from ₹ 16.80 million in Fiscal 2019 to ₹ 11.63 million in Fiscal 2020 due to significant additions in Fiscals 2017, 2018 and 2019 nearing the end of their useful lives; depreciation of right-of-use assets by 17.35% from ₹ 44.68 million in Fiscal 2019 to ₹ 36.93 million in Fiscal 2020 due to reduced balance of right-of-use asset base as a result of modification of lease contracts. These reductions are marginally offset by increase in amortisation of intangible assets from ₹ 0.02 million in Fiscal 2019 to ₹ 1.09 million in Fiscal 2020 on account of increase in capitalisation of computer software in Fiscal 2020.

**Finance Costs.** Finance costs reduced by 15.19% from ₹ 38.05 million in Fiscal 2019 to ₹ 32.27 million in Fiscal 2020, primarily due to a decrease in interest on debts and borrowings by 16.67% from ₹ 23.28 million in Fiscal 2019 to ₹ 19.40 million in Fiscal 2020 due to repayment of term loans resulting in reduced loan balances; interest on lease liabilities by 40.83% from ₹ 9.38 million in Fiscal 2019 to ₹ 5.55 million in Fiscal 2020 due to accretion of interest expense in Fiscal 2020 on a lower lease liability base as a result of modification of lease contracts as compared to Fiscal 2019; and bank charges by 27.59% from ₹ 4.93 million in Fiscal 2019 to ₹ 3.57 million in Fiscal 2020.

**Other Expenses.** Other expenses decreased by 25.68% from ₹ 322.81 million in Fiscal 2019 to ₹ 239.91 million in Fiscal 2020, primarily due to a decrease in:

- Travelling and conveyance expense by 47.27% from ₹ 119.68 million in Fiscal 2019 to ₹ 63.11 million in Fiscal 2020 primarily due to the increased focus on profitability and rationalisation of sales teams and travel budgets;
- Power and fuel expense by 26.67% from ₹ 12.15 million in Fiscal 2019 to ₹ 8.91 million in Fiscal 2020 on account of shifting of office premises to a managed workspace wherein we are not required to separately incur costs for utilities;
- Software and server charges by 27.77% from ₹ 70.21 million in Fiscal 2019 to ₹ 50.71 million in Fiscal 2020 primarily due to reduction in our loss-making customers which reduced our server usage;
- Selling and marketing expenses by 56.58% from ₹ 41.46 million in Fiscal 2019 to ₹ 18.00 million in Fiscal 2020 primarily due to an increased focus on large enterprises as compared to a larger number of small-scale entities in Fiscal 2019 resulting in reduced customer acquisition costs;
- Communication costs by 42.04% from ₹ 21.86 million in Fiscal 2019 to ₹ 12.67 million in Fiscal 2020 primarily due to movement to a managed workspace during the year resulting in reduced office communication costs; and

- Miscellaneous expenses by 44.86% from ₹ 21.71 million in Fiscal 2019 to ₹ 11.97 million in Fiscal 2020.

These reductions were partially offset by an increase in provision for doubtful trade receivables and advances (including bad debts written off) by 89.41% from ₹ 22.95 million in Fiscal 2019 to ₹ 43.47 million in Fiscal 2020 primarily due to the impact of COVID-19 and uncertainty over recoverability of customers billed towards the end of Fiscal 2020 on account of the impact of COVID 19.

**Restated Profit/(loss) before Tax.** For the reasons discussed above, restated profit before tax was ₹ 2.06 million in Fiscal 2020 as compared to a restated loss before tax of ₹ 116.68 million in Fiscal 2019.

**Tax expenses.** We did not incur any current tax or deferred tax charge/(credit) in Fiscal 2020 and Fiscal 2019.

**Restated Profit / (Loss) for the Year.** We recorded a restated profit for the year of ₹ 2.06 million in Fiscal 2020 as compared to restated loss for the year of ₹ 116.68 million in Fiscal 2019.

**Adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (Adjusted EBITDA).** Adjusted EBITDA was ₹ 114.11 million in Fiscal 2020 as compared to ₹ 33.28 million in Fiscal 2019, while Adjusted EBITDA Margin was 6.87% in Fiscal 2020 as compared to 1.92% in Fiscal 2019.

## Liquidity and Capital Resources

We finance our operations and capital requirements primarily through equity infusion of our Promoter entity funded by investors, cash flows from operations and borrowings under credit facilities from certain banks. We believe that our credit facilities, together with cash generated from our operations will be sufficient to finance our working capital needs for next 12 months. We expect that these sources will continue to be our principal sources of cash in the medium term. However, there can be no assurance that additional financing will be available, or if available, that it will be available on terms acceptable to us.

## Cash Flows based on the Restated Summary Statements of our Company

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Fiscal			For the three months' period ended June 30, 2021
	2019 (As Adjusted)	2020 (As Adjusted)	2021	
	(in ₹ million)			
Net cash flow (used in)/ from operating activities	(60.29)	5.57	153.82	(82.57)
Net cash used in investing activities	(60.17)	(14.30)	(25.31)	(1.91)
Net cash used in financing activities	(62.96)	(13.05)	(79.63)	(0.23)
Net (decrease)/ increase in cash and cash equivalents	(183.42)	(21.78)	48.88	(84.71)
Cash and cash equivalents at the end of the year / period	69.68	47.90	96.78	12.07

## Operating Activities

### For the three months' period ended June 30, 2021

For the three months' period ended June 30, 2021, net cash flow used in operating activities was ₹ 82.57 million. Profit before tax was ₹ 25.28 million and adjustments to the profit before tax primarily consisted of employee stock option expenses of ₹ 35.67 million; finance costs of ₹ 3.85 million and depreciation and amortisation expenses of ₹ 7.02 million and marginally off set by net gain on account of foreign exchange differences of ₹ 2.97 million, finance income of ₹ 1.94 million and provisions / liabilities no longer required written back of ₹ 0.68 million.

Operating profit before working capital changes was ₹ 67.81 million for the three months' period ended June 30, 2021. The working capital adjustments included increase in trade receivables of ₹ 127.17 million on account of the impact of COVID-19 in the three months' period ended June 30, 2021 resulting in increased receivable days of customers; and decrease in trade payables, non-current and current other financial liabilities, other liabilities and provisions of ₹ 16.84 million primarily on account of accrued employee benefits paid out in the three months' period ended June 30, 2021. This was partially offset by a decrease in non-current and current other financial and other assets of ₹ 7.04 million on account of reduction in unbilled revenue balances pertaining to customers billed

towards the end of the three months' period ended June 30, 2021 compared with unbilled revenue balances as at the year ended March 31, 2021. Cash used in operations for the three months' period ended June 30, 2021 amounted to ₹ 69.16 million. Direct taxes paid amounted to ₹ 13.41 million.

### ***Fiscal 2021***

In Fiscal 2021, net cash flow from operating activities was ₹ 153.82 million. Profit before tax was ₹ 169.40 million and adjustments primarily consisted of employee stock option expenses of ₹ 35.70 million; depreciation and amortisation expenses of ₹ 34.15 million; advances/deposits written off of ₹ 5.75 million; and finance costs of ₹ 18.70 million. This was marginally offset by gain on foreign exchange fluctuation (net) of ₹ 8.02 million, net gain on modification of lease contracts of ₹ 8.43 million, finance income of ₹ 12.34 million and net gain on disposal of property plant and equipment of ₹ 0.55 million.

Operating profit before working capital changes was ₹ 230.71 million in Fiscal 2021. The working capital adjustments included increase in trade receivables of ₹ 114.70 million on account of increase in receivable days of customers due to the impact of COVID-19; decrease in trade payables, non-current and current other financial liabilities, other liabilities and provisions of ₹ 90.44 million primarily on account of reduced operating expenditures in Fiscal 2021 as compared to Fiscal 2020 as a result of negotiated terms with vendors leading to lower year-end payables. This was partially offset by a decrease in non-current and current other financial and other assets of ₹ 29.52 million on account of reductions in unbilled revenue balances of customers and security deposits in relation to rented premises. Cash generated from operations for Fiscal 2021 amounted to ₹ 55.09 million. Direct taxes refund amounted to ₹ 98.73 million.

### ***Fiscal 2020***

In Fiscal 2020, net cash flow from operating activities was ₹ 5.57 million. Profit before tax was ₹ 2.06 million and adjustments primarily consisted of employee stock option expenses of ₹ 39.82 million; depreciation and amortisation expenses of ₹ 49.65 million; provision for doubtful trade receivables and advances (including bad debts written off) of ₹ 43.47 million and finance costs of ₹ 32.27 million. This was marginally offset by finance income of ₹ 12.99 million and provision / liabilities no longer required written back of ₹ 1.76 million.

Operating profit before working capital changes was ₹ 162.17 million in Fiscal 2020. The working capital adjustments included increase in trade receivables of ₹ 115.83 million on account of reduced collections in last quarter of Fiscal 2020 due to impacts of COVID-19 and decrease in trade payables, non-current and current other financial, other liabilities and provisions of ₹ 44.48 million primarily on account of reduced year-end accruals against vendors and employee benefits in line with reduced operating expenditures. This was partially offset by a decrease in non-current and current other financial and other assets of ₹ 20.21 million on account of reductions in unbilled revenue balances. Cash generated from operations for Fiscal 2020 amounted to ₹ 22.07 million. Direct taxes paid amounted to ₹ 16.50 million.

### ***Fiscal 2019***

In Fiscal 2019, net cash flow used in operating activities was ₹ 60.29 million. Loss before tax was ₹ 116.68 million and adjustments primarily consisted of employee stock option expenses of ₹ 67.28 million; depreciation and amortisation expenses of ₹ 61.50 million; provision for doubtful trade receivables and advances (including bad debts written off) of ₹ 22.95 million; advances / deposits written off of ₹ 1.11 million and finance costs of ₹ 38.05 million. This was marginally offset by net foreign exchange differences of ₹ 3.80 million, provisions / liabilities no longer required written back of ₹ 1.07 million, gain on disposal of investment of ₹ 0.12 million and finance income of ₹ 5.19 million.

Operating profit before working capital changes was ₹ 62.78 million in Fiscal 2019. The working capital adjustments included increase in trade receivables of ₹ 15.71 million on account of increased quarter and year-end billing in line with increased operations; decrease in trade payables, non-current and current other financial, other liabilities and provisions of ₹ 18.93 million primarily on account of reductions in pay-out days to vendors with increased cash generation from operations; and increase in non-current and current other financial and other assets of ₹ 26.02 million on account of increase non-current fixed deposits with banks against enhanced sanctions of working capital facilities. Cash generated from operations for Fiscal 2019 amounted to ₹ 2.12 million. Direct taxes paid amounted to ₹ 62.41 million.

## **Investing Activities**

### ***Three months period ended June 30, 2021***

Net cash used in investing activities was ₹ 1.91 million in the three months' period ended June 30, 2021, primarily on account of purchase of property, plant and equipment including intangible assets of ₹ 2.33 million on account of clearance of dues of outstanding capital creditors; and investment in bank deposits (margin money deposits) of ₹ 1.42 million on account of fresh fixed deposits with banks against increased working capital facility limits. This was partially offset by interest income received of ₹ 1.84 million.

### ***Fiscal 2021***

Net cash used in investing activities was ₹ 25.31 million in Fiscal 2021, primarily on account of purchase of property, plant and equipment including intangible assets of ₹ 6.14 million and investment in bank deposits (margin money deposits) of ₹ 23.93 million on account of fresh fixed deposits with banks against increased working capital facility limits. This was partially offset by proceeds from sale of property, plant and equipment of ₹ 1.04 million; and interest income received of ₹ 3.72 million.

### ***Fiscal 2020***

Net cash used in investing activities was ₹ 14.30 million in Fiscal 2020, primarily on account of purchase of property, plant and equipment including intangible assets of ₹ 5.68 million and investment in bank deposits (margin money deposits) of ₹ 12.74 million on account of fresh fixed deposits with banks against increased working capital facility limits. This was partially offset by proceeds from sale of property, plant and equipment of ₹ 0.01 million; and interest income received of ₹ 4.11 million.

### ***Fiscal 2019***

Net cash used in investing activities was ₹ 60.17 million in Fiscal 2019, primarily on account of purchase of property, plant and equipment including intangible assets of ₹ 21.01 million and investment in bank deposits (margin money deposits) of ₹ 41.60 million on account of fixed deposits with banks against new working capital facility limits. This was partially offset by proceeds of sale of current investments (net) of ₹ 1.03 million; and interest income received of ₹ 1.41 million.

## **Financing Activities**

### ***Three months period ended June 30, 2021***

Net cash used in financing activities was ₹ 0.23 million in the three months period ended June 30, 2021, primarily on account of payment of principal and interest portion of lease liabilities of ₹ 3.82 million; and finance costs paid of ₹ 1.41 million. This was partially offset by proceeds from short term borrowings (net) of ₹ 5.00 million.

### ***Fiscal 2021***

Net cash used in financing activities was ₹ 79.63 million Fiscal 2021, primarily on account of repayment of long-term borrowings of ₹ 16.37 million as repayment of loan payment of principal and interest portion of lease liabilities of ₹ 23.33 million; finance costs paid amounting to ₹ 8.12 million; and repayment of short term borrowings (net) of ₹ 31.81 million

### ***Fiscal 2020***

Net cash used in financing activities was ₹ 13.05 million Fiscal 2020, primarily on account of repayment of long-term borrowings of ₹ 65.45 million on account of repayment of loan ; payment of principal and interest portion of lease liabilities of ₹ 37.77 million on account of regular lease rentals; finance costs paid amounting to ₹ 26.11 million; and repayment of short term borrowings (net) of ₹ 23.00 million. This was partially offset by proceeds from long-term borrowings of ₹ 139.28 million on account of external commercial borrowing from CTIPL.

### ***Fiscal 2019***

Net cash used in financing activities was ₹ 62.96 million Fiscal 2019, primarily on account of repayment of long-term borrowings of ₹ 66.93 million on account of repayment of instalments of previous Innoven India facility; payment of principal and interest portion of lease liabilities of ₹ 46.22 million on account of regular lease rentals;



settlement of cancellation of share option to employees of ₹ 3.24 million and finance costs paid amounting to ₹ 27.76 million. This was partially offset by proceeds from long-term borrowings of ₹ 65.00 million on account of new loan taken from Innoven India facility and proceeds of short term borrowings (net) of ₹ 16.19 million.

### Indebtedness of our Company

As of June 30, 2021, we had total borrowings (consisting of current and non-current borrowings) of ₹ 198.66 million. Our Debt to Equity ratio was 0.52 as of June 30, 2021.

The following table sets forth certain information relating to our outstanding indebtedness as of June 30, 2021, and our repayment obligations in the periods indicated:

Particulars	As of June 30, 2021			
	Payment due by period			(in ₹ million)
	Total	Less than 1 year	1-5 years	
<b>Non-current borrowings</b>				
External Commercial Borrowing from Holding Company (unsecured)	74.33	-	74.33	-
<b>Current borrowings</b>				
External Commercial Borrowing from Holding Company (unsecured)	74.33	74.33	-	-
Bank Overdraft (Secured)	50.00	50.00	-	-
<b>Total Borrowings</b>	<b>198.66</b>	<b>124.33</b>	<b>74.33</b>	<b>-</b>

### Contingent Liabilities and Off-Balance Sheet Arrangements of our Company

As of June 30, 2021, our contingent liabilities as per Ind AS 37 as disclosed in the Restated Summary Statements of our Company, were as follows:

Particulars	Amount (in ₹ million)
Bank guarantees outstanding	3.91

Except as disclosed in this Draft Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

### Capital Expenditures of our Company

In Fiscals 2019, Fiscal 2020, and Fiscal 2021, and the three months' period ended June 30, 2021 our capital expenditure towards additions to property, plant and equipment and intangible assets were ₹ 18.66 million, ₹ 6.02 million, ₹ 5.22 million and ₹ 0.61 million, respectively. The following table sets forth the net block of our property, plant and equipment and intangible assets for the periods indicated:

Particulars	Fiscal 2019 (As Adjusted)	Fiscal 2020 (As Adjusted)	Fiscal 2021	As of and for the three months' period ended June 30, 2021 (in ₹ million)
Property, plant and equipment	19.54	10.57	5.85	5.80
Intangible Assets	2.02	4.29	3.49	3.10
<b>Total</b>	<b>21.56</b>	<b>14.86</b>	<b>9.34</b>	<b>8.90</b>

We expect to meet our capital expenditure in the next three Fiscals through a mix of internal accruals and funding from financial institutions.

### Related Party Transactions of our Company

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include service income from group companies, finance costs, collections made on behalf of other companies in Capillary Group, expenses incurred on behalf of other companies in Capillary Group and

remuneration to executive Directors and Key Managerial Personnel.

For further information on our related party transactions, see “*Summary of the Offer Document – Summary of Related Party Transactions*” on page 644. Also, see “*Risk Factors – We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders*” on page 54.

### Auditor’s Observations

Our Statutory Auditors have included a matter of emphasis on the management’s assessments on the impact of COVID-19 on the operations, financial performance and position of the Company for the years ended March 31, 2020 and March 31, 2021 and for the three months’ period ended June 30, 2021, in their reports on the audited financial statements for Fiscal 2020 and 2021 and for the three months’ period ended June 30, 2021, respectively.

In addition, our Statutory Auditors have included the following modifications in their annexure to auditors report under the Companies (Auditors Report) Order, 2016 to our underlying audited financial statements, as amended, for the following periods:

Year / Period	Clause	Statement
<b>Fiscal 2019</b>	Clause (vii)(a)	<i>Undisputed statutory dues including provident fund, employees’ state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been significant delays in remittance of income tax in large number of cases.</i>
<b>Fiscal 2020</b>	Clause (i)(b)	<i>Property, plant and equipment have not been physically verified by the management during the year, hence, the Statutory Auditors are unable to comment on the discrepancies, if any.</i>
	Clause (vii)(a)	<i>Undisputed statutory dues including provident fund, employees state insurance, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of income tax in a few cases.</i>
<b>Fiscal 2021</b>	Clause (i)(a)	<i>Except for tagging of property, plant and equipment, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.</i>
	Clause (vii)(a)	<i>Undisputed statutory dues including provident fund, employees state insurance, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of income tax in few cases.</i>

Except as stated above, there have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by respective statutory auditors in their auditor’s reports on the audited financial statements as of and for the years ended March 31, 2019, 2020 and 2021, and the three months’ period ended June 30, 2021.

### Changes in Accounting Policies in the Last Three Financial Years

Except as required as per applicable law, there have been no changes in our accounting policies during Fiscals 2019, 2020 and 2021, and the three months’ period ended June 30, 2021.

### Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

### Significant Economic Changes that Materially Affect or are Likely to Affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on pages 651 and 27, respectively.

## **Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on pages 651 and 27, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

## **Future Relationship Between Cost and Income**

Other than as described in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 27, 174 and 649 respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

## **New Products or Business Segments**

Except as set out in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new business segments.

## **Competitive Conditions**

We operate in a competitive environment. See “*Risk Factors*”, “*Industry Overview*”, “*Our Business*” and on pages 27, 140 and 174, respectively, for further details on competitive conditions that we face across our various business segments.

## **Segment Reporting**

Our business activity primarily falls within 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.

## **Significant Dependence on Single or Few Customers**

Given the nature of our business operations, we believe our business is dependent on any single or a few customers. For further information, see “*Risk Factors – We generate a significant portion of our revenues from a limited number of customers, and any loss or reduction of business from these customers could reduce our revenues and materially adversely affect our business, results of operations, financial condition, and cash flows.*”

## **Seasonality/ Cyclicalities of Business**

Our business is subject to seasonality or cyclicalities, we experience seasonal fluctuations in our revenues due to the inherent nature of the loyalty industry. For further information, see “*Industry Overview*”, “*Our Business*” and “*Risk Factors – Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.*” on pages 140, 174 and 50, respectively.

## **Significant Accounting Policies for our Restated Summary Statements**

The accounting policies set out below have been applied consistently to the periods presented in these Restated Summary Statements.

## **Current versus Non-Current Classification**

The Company presents assets and liabilities in the restated summary statement of assets and liabilities based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

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

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

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

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

### ***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 Restated Summary 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 Restated Summary 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)

### ***Revenue Recognition***

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

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

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

#### **Income from services**

##### ***Service Income from Group Companies***

The Company provides technical, analytical and other support services to the group companies and revenue is recognized on an accrual basis and at agreed mark-ups on costs incurred as per the terms of agreement.

##### ***Retainer services***

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

##### ***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.

##### ***Installation services***

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

#### **Other income**

##### ***Export benefits***

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

### *Interest Income*

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

### *Dividend Income*

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

### **Contract balances**

#### *Contract assets*

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

Contract assets are subject to impairment assessment.

#### *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).

#### *Capitalised contract costs*

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

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

#### *Contract liabilities*

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

## ***Taxes on Income***

### **Current income tax**

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

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

### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Restated Summary 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 asset to be recovered.

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

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

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

## ***Property, Plant and Equipment***

As at adjusted date of transition to Ind AS i.e., April 01, 2018, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

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

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

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

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

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

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

### ***Intangible Assets***

As at adjusted date of transition to Ind AS i.e., April 01, 2018, the Company has elected to continue with the carrying value of all of its intangible assets as at March 31, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2018.

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

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 affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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



### ***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

### ***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.

#### **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.

### ***Impairment of Non-Financial Assets***

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

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

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

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

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

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

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

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

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

When an impairment loss subsequently 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 statement of profit and loss

### ***Provisions and Contingent Liabilities***

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

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

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

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

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

Provisions and contingent liability are reviewed at each balance sheet.

#### ***Retirement and Other Employee Benefits***

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

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

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

The Company presents the leave as a current liability in the Restated Statement of Assets and liabilities, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Restated Summary Statement of Assets and Liabilities 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:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

### ***Financial Instruments***

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

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

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.

### ***Financial Assets***

#### **Financial assets at amortised cost**

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

#### **Financial assets measured at fair value**

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

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

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

### ***Impairment of financial assets***

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

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

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

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

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

### ***De-recognition of financial assets***

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

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

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

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

## ***Financial Liabilities and Equity Instruments***

### ***Classification as debt or equity***

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

### ***Equity Instruments***

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

### ***Financial Liabilities***

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

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

#### *De-recognition*

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

#### *Off-setting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the Restated Summary Statement of Assets and Liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **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 Restated Summary 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".

#### **Cash and Cash Equivalents**

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

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

#### **Share-based Payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an Black-Scholes valuation model.

That cost is recognised, together with a corresponding increase in Capital contribution from parent reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

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

### ***Dividend***

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### ***Foreign Currencies***

The Restated Summary Statements are presented in Indian Rupees, which is also the Company's functional currency.

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

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

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

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

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

### ***Corporate Social Responsibility ('CSR') Expenditure***

The Company charges its CSR expenditure during the year to the statement of profit and loss.

### ***Earnings Per Share***

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

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

### **SIGNIFICANT DEVELOPMENTS AFTER JUNE 30, 2021 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

Except as stated below and disclosed elsewhere in this Draft Red Herring Prospectus, there have been no significant developments after June 30, 2021 that may affect our future results of operations.

#### **Investment in Subsidiary, Business Transfer and other acquisitions:**

- Our Company by way of the resolution of the Shareholders dated August 25, 2021 and the resolution of the Board of Directors dated August 31, 2021, approved the investment to be made in the securities of CPL amounting to USD 10.25 million to acquire 1,385,135,135 ordinary shares of USD 0.0074 each.
- Pursuant to the business and loan transfer agreement dated November 1, 2021, our Promoter, CTIPL, transferred its business undertaking, comprising the business of providing software licensing, services and solutions to businesses in certain areas and related assets and liabilities on a going concern basis to our Subsidiary, CPL. CPL and CTIPL also agreed on a novation of the loan amounting to USD three million from Innoven Capital Singapore Pte. Ltd. to CTIPL as borrower under that loan to CPL with effect from November 1, 2021. Accordingly, CPL is now obliged to repay the loan and meet other obligations under the loan arising both before as well as after 1 November 2021. Various of CPL's subsidiaries and CTIPL guarantee CPL's performance of its obligations under the loan. In addition, CPL has entered into a debenture and share pledge under which it has provided security for the loan and associated liabilities. CTIPL provided warrants to Innoven Capital Singapore Pte Ltd allowing it to subscribe for CTIPL shares and such an obligation remains with CTIPL. As such warrants were part of the original loan arrangement, CPL's security for the loan extends to it too. Further, our Promoter, CTIPL entered into a deed of assignment dated November 20, 2021, with our Subsidiary, CPL, wherein CTIPL has assigned, assured, transferred, unto CPL, absolutely, irrevocably and in perpetuity with full title guarantee, all rights, title, interests and benefits (whether vested, contingent or future) of CTIPL in Singapore and throughout the world, all its registered and unregistered trademarks and patents intellectual property. Additionally, pursuant to the Gift Deed China, Gift Deed Dubai, Gift Deed Malaysia and Gift Deed Indonesia, our Promoter, CTIPL's entire share capital along with its rights, title, interests and benefit in its subsidiaries, Capillary Shanghai, Capillary Dubai, Capillary Malaysia, and Capillary Indonesia were transferred to our Subsidiary, CPL. For details in relation to the Business Transfer, the deed of novation, the deed of assignment, and the gift deeds see "***History and Certain Corporate Matters - Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years***" on page 217.
- Pursuant to the acquisition agreement dated September 1, 2021, entered into between PLC, PHI and CPL, our Subsidiary, acquired ownership of PLC and PHI for consideration payable in cash and stock linked in an earn out formula in terms of the acquisition agreements. For details in relation to the acquisition agreement, see "***History and Certain Corporate Matters - Material acquisitions or divestments of***



*business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years”* on page 217.

**Other material developments:**

- Pursuant to a resolution passed by our Shareholders at the extra-ordinary general meeting held on November 17, 2021, our Company sub-divided its authorised equity share capital, were sub-divided of ₹ 2 each on November 26, 2021 i.e., the record date.
- On November 24, 2021, our Company allotted 37,814,671 bonus equity shares in the ratio of 3.1 equity shares for every 1 equity share held to all the Shareholders whose name appear on the register of member of our Company as on the record date i.e. November 26, 2021.
- Pursuant to the resolution of the Board of Directors and Shareholders each dated October 29, 2021, our Company adopted the ESOP 2021. For details, see “*Capital Structure – Employees Stock Options Scheme*” on page 98.

*[Remainder of this page intentionally left blank]*

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS BASED ON OUR PROFORMA FINANCIAL INFORMATION

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from the Proforma Financial Information of our Company included in this Draft Red Herring Prospectus.*

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “**Forward-Looking Statements**” on page for a discussion of the risks and uncertainties related to those statements and also “**Risk Factors**” and “**Management's Discussion and Analysis of Financial Condition and Results of Operations**” on pages 19, 27 and 649, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

### Presentation of Financial Information

Prior to November 2021, our Company operated only the India business of the Capillary Group, while our Promoter, CTIPL operated the international business of the Capillary Group through several wholly owned subsidiaries across various jurisdictions. Prior to the filing of the Draft Red Herring Prospectus, we undertook a reorganisation of the Capillary Group (the “**Reorganisation**”), pursuant to which our Company through its Material Subsidiary, CPL, (i) acquired the majority of the business and business assets of our Promoter, CTIPL pursuant to the Business Transfer with effect from November 1, 2021, and (ii) also acquired all of the shareholding of Capillary Dubai, Capillary Indonesia, and Capillary Shanghai, and held by our Promoter, CTIPL with effect from November 30, 2021 and all shareholding of Capillary Malaysia held by our Promoter with effect from November 22, 2021, pursuant to multiple gift deeds. On the completion of such Reorganisation, our Company directly operates the India business as well as the international business through its Material Subsidiary, CPL, and its other Subsidiaries. The Restated Summary Statements of our Company for Fiscals 2019, 2020 and 2021 and for the three months' period ended June 30, 2021, therefore, reflects only the India business and not the international business operations of the Capillary Group prior to such Reorganisation. In addition, with effect from September 1, 2021, our Company, through its Material Subsidiary, CPL, acquired the entire shareholding of Persuade Group (the “**Persuade Acquisition**”). For further information on the Reorganisation and the Persuade Acquisition, see “*History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years*” on page 217.

In order to provide potential investors with an illustrative impact of our current business operations, entities acquired pursuant to Reorganisation and the Persuade Acquisition, we have in this Draft Red Herring Prospectus, presented the illustrative proforma impact under the Proforma Financial Information that is based on:

- (i) Restated Summary Statements of our Company which comprises the restated summary statement of assets and liabilities, the restated summary statement of profit and loss, the restated summary statement of cash flows and the restated summary of changes in equity as at and for the Fiscals ended 2019 (as adjusted), 2020 (as adjusted), 2021, and for the three months' period ended June 30, 2021, together with the annexures and the notes thereto, which are derived from the audited financial statements of our Company as at and for the Fiscals ended 2019, 2020 and 2021, which were prepared in accordance with Indian GAAP as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 (as amended), and for the three months' period ended June 30, 2021, prepared in accordance with Ind AS 34 as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, and included in “**Financial Statements**” on page 247.
- (ii) the PHI Special Purpose Financial Statements as at and for the Fiscals ended 2019, 2020, 2021 and for the three months' period ended June 30, 2021, and the PLC Special Purpose Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021.

the special purpose audited financial statements of the following entities:

- the Capillary Dubai Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;

- the Capillary Indonesia Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
- the Capillary Malaysia Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
- the Capillary Shanghai Special Purpose Ind AS Financial Statements as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021;
- the Special Purpose Carve Out Financial Statements of CTIPL as at and for the Fiscals ended 2019, 2020, 2021, and for the three months' period ended June 30, 2021.

For further information on the preparation and presentation of the Proforma Financial Information, see ***“Managements’ Discussion and Analysis of our Financial Condition and Results of Operations - Presentation of Financial Information”*** on page 649. Our Statutory Auditors have issued a report in accordance with SAE 3420 on the Proforma Financial Information. The adjustments are as set out under ***“Proforma Adjustments”*** therein, and include adjustments to make (a) accounting policies of financial information of the acquired entities in the Reorganisation as well as Persuade Group consistent with that of our Company; and (b) other directly attributable adjustments to the acquisition of the acquired entities in the Reorganisation as well as relating to the Persuade Acquisition. The Proforma Financial Information have been prepared for illustrative purposes only wherein the Restated Summary Statements of our Company have been adjusted in the proforma financial information to give effect to the proforma events that are directly attributable to such acquisitions and factually supportable and addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations, and is not intended to be indicative of our future financial condition and results of operations. For further information, see ***“Risk Factors - The Proforma Financial Information included in this Draft Red Herring Prospectus is not indicative of our future financial condition or results of operations.”*** on page 34 and - ***We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies”*** on page 55.

In addition to the Restated Summary Statements of our Company and the Proforma Financial Information included in this Draft Red Herring Prospectus, we have also included certain key financial and operating metrics on a combined basis for Fiscals ended 2019, 2020 and 2021, and for the three months' period ended June 30, 2021 based on the Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information; and certain key financial and operating metrics on a combined basis for Fiscals ended 2019, 2020 and 2021, and for the three months' period ended June 30, 2021, based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information. Since such financial information is presented on a combined basis, the degree of reliance placed by investors on our Arithmetic Aggregated Adjusted Capillary (excluding Persuade Group) Information and our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information should be limited. For further information, see ***“Risk Factors - The Proforma Financial Information included in this Draft Red Herring Prospectus is not indicative of our future financial condition or results of operations.”*** on page 34 and - ***We have in this Draft Red Herring Prospectus included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the SaaS industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies”*** on page 55.

For details on the basis of preparation of the Proforma Financial Information and proforma adjustments, see ***“Proforma Financial Information”*** on page 302.

## **Significant Factors Affecting our Results of Operations and Financial Condition based on the Proforma Financial Information of our Company**

### ***Impact of COVID-19***

The spread of COVID-19 has severely impacted the business operations of our Company around the globe including India. The nationwide lockdown has impacted our Company’s business volumes subsequently on

account of disruptions in transportation, travel bans, quarantines, social distancing and other emergency precautionary measures and its consequent impact on the retail business during the years ended March 31, 2021 and March 31, 2020 and in the three months' period ended June 30, 2021.

In response to the COVID-19 pandemic, we undertook decisive and comprehensive actions to lessen the impact of the pandemic on our business, including implementing a fully remote, work-from-home policy across all our global offices, enacting new policies and operating procedures, including restrictions on business travel and reduction of in-person events.

Our customers were impacted by the pandemic throughout Fiscal 2021 and during the months of April to June 2021 on account of the second wave of COVID-19 due to lockdowns and serious health crises in our main markets of South east Asia and India. As a show of support during this trying period, we extended discounts to our customers, and we also saw lower usage – based revenues (campaign revenue). The conditions caused by the pandemic adversely affected spending by new customers and renewal and retention rates of existing customers. We offered customer discounts primarily during the second and third quarters of 2020 to customers who experienced difficulty, particularly those within the retail, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality industries.

Meanwhile, we have also experienced, and may continue to experience, certain positive impacts on other aspects of our business. We believe that the pandemic has caused many of our customers and potential customers to accelerate their IT and digital investments benefiting businesses, like ours, that enable and enhance digital transformations. In addition, we have seen a temporary reduction in certain operating expenses related to reduced business travel, deferred hiring in certain areas, and the virtualization or postponement of in-person customer and employee events.

Given our subscription-based business model, the effects of the COVID-19 pandemic may not be fully reflected in our revenue until future periods. The extent of the impact of COVID-19 on our future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, related public health measures, and their impact on the macroeconomy, our current and prospective customers, employees, and vendors. The ultimate impact of the COVID-19 pandemic on our business and operations remains highly uncertain, and it is not possible for us to predict the duration and extent to which this will affect our business, future results of operations, and financial condition at this time. For further information, see “**Risk Factors - Our business and operations have been adversely impacted by the COVID-19 pandemic and the future impact on our business, operations and financial performance is uncertain and could continue for an unknown period of time.**” and “**Significant Factors Affecting our Results of Operations and Financial Condition based on the Proforma Financial Information of our Company- Impact of COVID-19**” on pages 31 and 684, respectively.

#### ***Ability to improve gross margins, profitability and sales efficiency***

In recent years, our focus has been to improve our gross margins and become profitable. In order to improve profitability, we deployed a strategy to pivot our business to focus on large enterprise customers and transition from lower margin, high service expectation customers, typically mid-market and small and medium-sized customers. We believe that our focus on large enterprise customers will help us improve profitability, New ARR per sales representative, Payback Period and gross margins. Based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our New ARR grew from ₹ 461.96 million in Fiscal 2019 to ₹ 490.12 million in Fiscal 2020 and marginally declined to ₹ 453.28 million in Fiscal 2021 while in the three months' period ended June 30, 2021, New ARR was ₹ 170.71 million. As a percentage of revenue from contracts with customers our New ARR was 22.28%, 21.81%, 23.18% and 34.19% in Fiscal 2019, 2020 and 2021 and in the three months' period ended June 30, 2021, respectively based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information.

We intend to continue to build on our past performance by growing our New ARR through our go-to-market initiatives. To deliver on this strategy, in addition to our account-based marketing efforts, we are investing in partnerships with large system integrators, consulting companies in the Asia-Pacific region. We have also refocused our sales teams to target large enterprise customers, which resulted in fewer sales team members but better sales efficiency. Our number of sales personnel as of March 31, 2019, 2020 and 2021 were 53, 31 and 18, respectively. Basis our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, New ARR per sales personnel increased by 81.31% from ₹ 8.72 million in Fiscal 2019 to ₹ 15.81 million in Fiscal 2020 and by 59.27% to ₹ 25.18 million in Fiscal 2021.

As a result of our strategies, basis our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our Gross Margins – Subscription improved from 67.85% in Fiscal 2019 to 71.60% in Fiscal 2020 and to 75.86% in Fiscal 2021 and our Gross Margins – Blended improved from 47.34% in Fiscal 2019 to 52.05% in Fiscal 2020 and to 61.33% in Fiscal 2021.

### ***Our ability to retain existing customers and acquire new customers***

We have large and diversified customer base covering a wide spectrum of industry verticals. As of October 31, 2021, we served over 250 brands engaged in apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality. Further, our acquisition of Persuade Group provides us access to several Fortune 100 and Fortune 500 companies in the United States of America. We have 12 Global Fortune 500 companies as customers as of October 31, 2021.

We typically enter into long-term engagements with our customers and generate significant revenues from repeat business based on our successful prior engagements. We have fostered strong loyalty with existing customers as a result of the quality loyalty products and solutions offered by us, as well as our ability to deliver tangible value to consumers by effectively addressing their needs. In Fiscal 2021, basis the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, 70.28% of our revenue was from customers that have been associated with us for over three years.

We aim to acquire and retain new customers and in particular large enterprise customers by, among others, further enhancing the quality and efficiency of our existing products and solutions, offering additional innovative products and solutions and implementing effective sales strategies.

### ***Product, revenue and geographic mix***

We generate revenue primarily from providing SaaS-based products and solutions to our customers. Our product suite provides an omni-channel experience for consumers and helps enhance the returns on investment for our customers. Our single point product offering includes loyalty management, a CDP, a data analytics and insights platform, *Insights+*, and a customer engagement tool *Engage+*. Our *Anywhere Commerce+* business helps retail and consumer brands with building their own e-commerce presence as well as with connectors for marketplaces.

Our customers include businesses engaged in apparel, footwear, supermarkets, conglomerates, manufacturing and electronics, pharmacy and wellness, fine dining and QSR, luxury and jewelry, entertainment, travel and hospitality. The following table presents the contribution by vertical to our combined revenue from contracts with customers based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, in the relevant periods:

Vertical	Fiscal 2019	Fiscal 2020	Fiscal 2021	For the three months' period ended Jun 30, 2021
Percentage of Total Revenue from Operations <sup>(1)</sup> (%)				
Apparel	53.79%	45.87%	34.18%	31.95%
Other Retail	31.45%	35.05%	42.35%	43.51%
Conglomerate	4.42%	8.19%	10.39%	10.61%
Oil and Gas	0.05%	0.34%	5.69%	7.86%
Food and Beverage	8.24%	8.66%	6.60%	5.25%
Travel and Automobile	2.06%	1.89%	0.79%	0.82%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

(1) Calculated as a percentage of the arithmetically aggregated revenue from operations based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information

Our revenues are accordingly impacted by developments in such verticals and our results of operations are particularly sensitive to factors affecting the geographies where we operate including but not limited to competition, regulatory actions, pricing pressures, fluctuations in the demand for our platform, products or solutions.

### ***Expansion into the United States market through organic and inorganic measures***

The TAM for loyalty management in North America is approximately ₹ 300 billion or US\$ 4 billion in 2021 and is expected to reach ₹ 400 billion or US\$ 5 billion by 2024 projecting a growth rate of 10%. (Source: Zinnov Report) We intend to further invest in North America by expanding our existing partnerships with large system

integrators and consulting companies in Asia to those in North America. Given the nature of the United States loyalty market, we evaluated acquisition opportunities and completed our acquisition of Persuade Group in the United States in September 2021. Our acquisition of Persuade Group strengthens our presence in the United States and provides us access to Fortune 100 and Fortune 500 companies. With the acquisition of Persuade Group, based on the Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, 24.83% of our revenues from operations in the three months' period ended June 30, 2021 were generated from the United States.

We expect to continue making acquisitions and entering into new business ventures or initiatives as part of our strategy. For further information about our inorganic growth strategy, see “***Our Business – Strategy – Further acquisitions in North America and other Western Markets***” on page 194. The successful and timely integration of such acquisitions will enable us to capture relevant synergies from team, technology and profitability perspective. We will seek to integrate such acquired businesses into our current operations in a manner that maximizes such synergies.

#### ***Ability to enhance operating efficiency through investments in technology***

Our results of operations have been, and will continue to be, affected by our ability to improve our operating efficiency, especially through investment in technology. As our business continues to grow, it is essential to improve operating efficiency to maintain the competitiveness of our platform. We intend to continue to invest in further developing and applying advanced technologies in the fields of programming tools, programming languages, operating systems, data matching, data filtering, data predicting, artificial intelligence, machine learning systems and other database technologies to enhance the functionalities and customer experience of our platform. Based on our Arithmetic Aggregated Adjusted Capillary (including Persuade Group) Information, our technology development and maintenance cost represented 14.43%, 15.43%, 15.64% and 16.10%, respectively, of our total expenses in such periods. In the future, we will continue to invest in technology to further enhance our operations, which may increase our expenditure or operating costs but will improve our operating leverage, cost efficiency and service quality. Our continued improvement of our platform is paramount to consumer experience, driving our ability to attract and retain customers, improve subscriptions, and generate revenues. Going forward, we intend to continue to prudently invest resources in technology in a cost-effective manner to support the long-term growth of our business.

#### ***Changes in currency exchange rates***

Changes in currency exchange rates may influence our results of operations. We report results in our financial statements in Indian rupees, while a significant part of revenues is from outside India and costs associated with our international operations are denominated in currencies other than Indian rupees, most significantly the U.S. dollar. Changes in the value of the Indian rupee against such other currencies, particularly the U.S. dollar, could increase or decrease the rupee cost of purchasing software, components or services and the cost of making various payments, and increase or reduce our margins. The exchange rate between the Indian rupee and these other currencies particularly the U.S. dollar has been volatile in recent periods and may continue to fluctuate significantly in the future. We closely follow our exposure to foreign currencies and may, in the future, selectively enter into hedging transactions to reduce the risks of currency fluctuations.

### **Summary Proforma Financial Information**

#### ***Summary Proforma Balance Sheet***

Particulars	As at March 31, 2019	As at March 31, 2020	As at March 31, 2021	As at June 30, 2021
	(in ₹ million)			
<b>I Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant and equipment	25.65	14.40	9.07	9.92
(b) Goodwill	1,561.56	1,606.34	1,515.25	1,499.62
(c) Other intangible assets	322.87	670.37	700.22	723.30
(d) Right-of-use assets	38.81	134.14	23.26	15.40
(e) Intangible assets under development	81.69	7.41	3.47	4.57
(f) Financial assets				
(i) Other financial assets	60.43	77.25	88.75	90.18

Particulars	As at March 31, 2019	As at March 31, 2020	As at March 31, 2021	As at June 30, 2021
	(in ₹ million)			
(g) Non-current tax assets (net)	117.10	136.46	41.19	54.17
(h) Other non-current assets	18.10	22.28	4.77	4.50
	<b>2,226.21</b>	<b>2,668.65</b>	<b>2,385.98</b>	<b>2,401.66</b>
<b>(2) Current assets</b>				
(a) Financial assets				
(i) Investments	27.31	-	-	-
(ii) Trade receivables	568.59	620.68	542.68	556.16
(iii) Cash and cash equivalents	598.40	213.96	395.10	269.47
(iv) Loans	6.41	1.61	2.26	6.12
(v) Other financial assets	110.71	62.56	80.37	72.69
(b) Other current assets	65.63	67.49	45.30	38.12
	<b>1,377.05</b>	<b>966.30</b>	<b>1,065.71</b>	<b>942.56</b>
<b>Total assets (1+2)</b>	<b>3,603.26</b>	<b>3,634.95</b>	<b>3,451.69</b>	<b>3,344.22</b>
<b>II Equity and liabilities</b>				
<b>(1) Equity</b>				
(a) Equity share capital	23.92	23.93	23.92	23.92
(b) Other equity	1,765.98	1,220.98	1,409.79	1,262.82
<b>Total equity</b>	<b>1,789.90</b>	<b>1,244.91</b>	<b>1,433.71</b>	<b>1,286.74</b>
<b>Liabilities</b>				
<b>(2) Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	233.45	377.61	308.63	311.29
(ii) Lease liabilities	-	88.50	0.56	0.21
(iii) Other financial liabilities	130.28	141.99	138.44	140.03
(b) Net employee defined benefit liabilities	20.86	19.62	22.54	38.76
(c) Deferred tax liabilities (net)	66.76	116.77	124.93	128.81
	<b>451.35</b>	<b>744.49</b>	<b>595.10</b>	<b>619.10</b>
<b>(3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	366.47	310.98	325.54	332.92
(ii) Lease liabilities	39.38	41.32	10.93	6.53
(iii) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises	0.85	1.80	3.08	2.09
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	368.35	507.00	353.61	398.96
(iv) Other financial liabilities	340.24	335.87	302.63	242.87
(b) Net employee defined benefit liabilities	25.84	16.81	12.22	3.71
(c) Provisions	22.64	23.93	21.63	23.20
(d) Other current liabilities	192.24	401.84	387.24	422.10
(e) Liabilities for current tax (net)	6.00	6.00	6.00	6.00
	<b>1,362.01</b>	<b>1,645.55</b>	<b>1,422.88</b>	<b>1,438.38</b>
<b>Total liabilities (2+3)</b>	<b>1,813.36</b>	<b>2,390.04</b>	<b>2,017.98</b>	<b>2,057.48</b>
<b>Total equity and liabilities (1+2+3)</b>	<b>3,603.26</b>	<b>3,634.95</b>	<b>3,451.69</b>	<b>3,344.22</b>

#### *Summary Proforma Statement of Profit and Loss*

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2021	For the three months period ended June 30, 2021
	(in ₹ million)			
<b>I Income</b>				
Revenue from operations	2,073.62	2,246.94	1,955.52	499.24
Other income	25.90	18.16	114.64	7.62
Finance income	6.19	13.32	12.93	2.14
<b>Total income</b>	<b>2,105.71</b>	<b>2,278.42</b>	<b>2,083.09</b>	<b>509.00</b>
<b>II Expenses</b>				
Cost of campaign services	630.85	583.40	315.57	67.74
Professional and consultancy services	362.05	332.25	285.76	108.18
Employee benefit expenses	1,419.21	1,408.63	1,075.21	336.40
Depreciation and amortisation expenses	181.62	263.87	332.18	82.87
Finance costs	124.44	123.53	108.42	28.83
Other expenses	717.15	707.57	432.41	124.24
<b>Total expenses</b>	<b>3,435.32</b>	<b>3,419.25</b>	<b>2,549.55</b>	<b>748.26</b>
<b>III Profit / (loss) before tax (I - II)</b>	<b>(1,329.61)</b>	<b>(1,140.83)</b>	<b>(466.46)</b>	<b>(239.26)</b>
<b>IV Tax expenses</b>				
(a) Current tax	6.33	6.00	9.10	6.19
(b) Deferred tax charge / (credit)	(25.58)	(42.50)	(45.06)	(11.89)
<b>Total tax expenses</b>	<b>(19.25)</b>	<b>(36.50)</b>	<b>(35.96)</b>	<b>(5.70)</b>
<b>V Profit / (loss) for the period (III - IV)</b>	<b>(1,310.36)</b>	<b>(1,104.33)</b>	<b>(430.50)</b>	<b>(233.56)</b>
<b>VI Other comprehensive income (net)</b>				
(A) Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
(i) Re-measurement (losses) / gains on defined benefit plan	(1.10)	11.21	0.56	(5.96)
- Income tax effect on above	-	-	-	-
(B) Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods				
(i) Exchange differences on translating the financial statements of a foreign operation	(6.30)	12.31	48.80	0.36
- Income tax effect on above	-	-	-	-
<b>Total other comprehensive income/ (loss) for the period, net of tax</b>	<b>(7.40)</b>	<b>23.52</b>	<b>49.36</b>	<b>(5.60)</b>
<b>VII Total comprehensive income/ (loss) for the period, net of tax (V + VI)</b>	<b>(1,317.76)</b>	<b>(1,080.81)</b>	<b>(381.14)</b>	<b>(239.16)</b>

#### Non-GAAP Measures based on our Proforma Financial Information

##### *Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to Proforma Profit / (Loss) for the Year on the basis of our Proforma Financial Information*

The table below reconciles the profit / (loss) for the year / period as per Proforma Financial Information to Adjusted EBITDA. Adjusted EBITDA is calculated as profit / (loss) for the year / period as per the Proforma Financial Information plus tax expense, finance cost, depreciation and amortisation expenses, intangible assets under development written off, employee stock option expenses, loss on account of foreign exchange fluctuations (net), advances / deposits written off and fair value loss on financial instruments at fair value through profit or loss less other income, finance income, while Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by revenue from operations.



Particulars	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2021	For the three month period ended June 30, 2021
<i>(In ₹ million, except percentages)</i>				
Profit / (loss) for the year / period (A)	(1,310.36)	(1,104.33)	(430.50)	(233.56)
Tax Expense (B)	(19.25)	(36.50)	(35.96)	(5.70)
Profit / (loss) before tax (C=A+B)	(1,329.61)	(1,140.83)	(466.46)	(239.26)
<b>Add:</b>				
Finance Cost (D)	124.44	123.53	108.42	28.83
Depreciation and Amortisation expenses (E)	181.62	263.87	332.18	82.87
Intangible asset under development written off (F)	9.21	8.86	2.29	-
<b>Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA) (G = C+D+E+F)</b>	<b>(1,014.34)</b>	<b>(744.57)</b>	<b>(23.57)</b>	<b>(127.56)</b>
Less: Other income (H)	(25.90)	(18.16)	(114.64)	(7.62)
Less: Finance income (I)	(6.19)	(13.32)	(12.93)	(2.14)
Add: Employee stock option expenses (J)	87.44	60.44	56.70	45.99
Add: Loss on account of foreign exchange fluctuations (net) (K)	6.27	13.19	20.19	0.90
Add: Advances/ deposits written off (L)	1.11	5.90	7.48	1.12
Add: Fair value loss on financial instruments at fair value through profit or loss (M)	1.14	-	-	-
<b>Adjusted Earnings before interest, taxes, depreciation and amortisation expenses (Adjusted EBITDA) (M = G-H+I+J+K+L)</b>	<b>(950.47)</b>	<b>(696.52)</b>	<b>(66.77)</b>	<b>(89.31)</b>
Revenue from operations (N)	2,073.62	2,246.94	1,955.52	499.24
<b>Adjusted EBITDA Margin % (Adjusted EBITDA as a percentage of Revenue from operations) (O = M / N)</b>	<b>(45.84)%</b>	<b>(31.00)%</b>	<b>(3.41)%</b>	<b>(17.89)%</b>

### Results of Operations based on our Proforma Financial Information

The following table sets forth certain information with respect to our results of operations from our Proforma Financial Information for Fiscals 2019, 2020 and 2021 and for the three months' period ended June 30, 2021, the components of which are also expressed as a percentage of total income from Proforma Financial Information for such periods:

Particulars	Fiscal						Three months' period ended June 30, 2021	
	2019		2020		2021			
	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income
<b>Income</b>								
Revenue from operations	2,073.62	98.48%	2,246.94	98.62%	1,955.52	93.88%	499.24	98.08%
Other income	25.90	1.23%	18.16	0.80%	114.64	5.50%	7.62	1.50%
Finance income	6.19	0.29%	13.32	0.58%	12.93	0.62%	2.14	0.42%
<b>Total Income</b>	<b>2,105.71</b>	<b>100.00%</b>	<b>2,278.42</b>	<b>100.00%</b>	<b>2,083.09</b>	<b>100.00%</b>	<b>509.00</b>	<b>100.00%</b>
<b>Expenses</b>								
Cost of campaign services	630.85	29.96%	583.40	25.61%	315.57	15.15%	67.74	13.31%
Professional and consultancy services	362.05	17.19%	332.25	14.58%	285.76	13.72%	108.18	21.25%
Employee benefit expenses	1,419.21	67.40%	1,408.63	61.82%	1,075.21	51.62%	336.40	66.09%

Particulars	Fiscal						Three months' period ended June 30, 2021	
	2019		2020		2021		Amount (in ₹ million)	Percentage of Total Income
	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income	Amount (in ₹ million)	Percentage of Total Income		
Depreciation and amortisation expenses	181.62	8.62%	263.87	11.58%	332.18	15.95%	82.87	16.28%
Finance costs	124.44	5.91%	123.53	5.42%	108.42	5.20%	28.83	5.66%
Other expenses	717.15	34.06%	707.57	31.06%	432.41	20.76%	124.24	24.41%
<b>Total expenses</b>	<b>3,435.32</b>	<b>163.14%</b>	<b>3,419.25</b>	<b>150.07%</b>	<b>2,549.55</b>	<b>122.39%</b>	<b>748.26</b>	<b>147.01%</b>
<b>Profit/ (loss) before tax</b>	<b>(1,329.61)</b>	<b>(63.14)%</b>	<b>(1,140.83)</b>	<b>(50.07)%</b>	<b>(466.46)</b>	<b>(22.39)%</b>	<b>(239.26)</b>	<b>(47.01)%</b>
Tax Expenses								
Current tax	6.33	0.30%	6.00	0.26%	9.10	0.44%	6.19	1.22%
Deferred tax charge / (credit)	(25.58)	(1.21)%	(42.50)	(1.87)%	(45.06)	(2.16)%	(11.89)	(2.34)%
<b>Total tax expenses</b>	<b>(19.25)</b>	<b>(0.91)%</b>	<b>(36.50)</b>	<b>(1.61)%</b>	<b>(35.96)</b>	<b>(1.73)%</b>	<b>(5.70)</b>	<b>(1.12)%</b>
<b>Profit/ (loss) for the period / year</b>	<b>(1,310.36)</b>	<b>(62.23)%</b>	<b>(1,104.33)</b>	<b>(48.47)%</b>	<b>(430.50)</b>	<b>(20.67)%</b>	<b>(233.56)</b>	<b>(45.89)%</b>
<b>Other comprehensive income (net)</b>								
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>								
Re-measurement gains / (losses) on defined benefit plans	(1.10)	(0.05)%	11.21	0.49%	0.56	0.03%	(5.96)	(1.17)%
Income tax effect on above	-	-	-	-	-	-	-	-
<i>Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:</i>								
Exchange differences on translating the financial statements of a foreign operation	(6.30)	(0.30)%	12.31	0.54%	48.80	2.34%	0.36	0.07%
Income tax effect on above	-	-	-	-	-	-	-	-
<b>Total other comprehensive income / (loss) for the period / year, net of tax</b>	<b>(7.40)</b>	<b>(0.35)%</b>	<b>23.52</b>	<b>1.03%</b>	<b>49.36</b>	<b>2.37%</b>	<b>(5.60)</b>	<b>(1.10)%</b>
<b>Total comprehensive income / (loss) for the period / year net of tax</b>	<b>(1317.76)</b>	<b>(62.58)%</b>	<b>(1,080.81)</b>	<b>(47.44)%</b>	<b>(381.14)</b>	<b>(18.30)%</b>	<b>(239.16)</b>	<b>(46.99)%</b>

### THREE MONTHS PERIOD ENDED JUNE 30, 2021

#### Key Developments

- Our operations were impacted by the second wave of the COVID-19 pandemic in India and South East Asia. Under these circumstances, we were required to provide certain discount to some of our customers who were materially impacted by the lockdowns and other restrictions associated with the pandemic. We also experienced lower usage based revenues as a result of such lockdown and other restrictions imposed by government agencies in India and South East Asia.
- With our retail and hospitality customers significantly impacted, we strategically focused our new business efforts on non-retail and non-travel verticals such as diversified conglomerates, oil & gas and consumer goods companies, especially on large enterprises with stronger financial condition to weather the impact of the COVID-19 pandemic.
- Our business in the United States won some large customers.

- We also continued to implement cost rationalization structures, including renegotiating terms negotiations with our vendors, streamlining teams, reducing travel expenses, rationalising sales and marketing expenses, and not making any new hires or extending salary raises.

**Income.** Total income for the three months' period ended June 30, 2021 was ₹ 509.00 million. Total income comprises (a) revenue from operations; (b) other income; and (c) finance income.

**Revenue from Operations.** Revenue from operations, comprising sale of services, for the three months' period ended June 30, 2021 was ₹ 499.24 million.

**Sale of Services.** Sale of services comprises: (a) Retainership and other income from external customers, i.e., subscription revenue paid by our customers based on the number of transactions, customers and stores / customer touch points live on our platform; (b) installation income from external customers, i.e., revenue we charge our customers to do integrations between our platform and their systems, and for configuring the platforms to function as needed, and (c) income from campaign services, i.e., usage-based revenues from campaigns our customers implement on our platform. We charge our customers a fee for every message that is sent out from our platform and our charges are dependent on the media the customer is using (including e-mail, SMS, social media and push notifications).

Sale of services for the three months' period ended June 30, 2021 was ₹ 499.24 million.

The following table sets forth certain information relating to our sale of services presented in accordance with the types of services we offer in the periods indicated:

Type of Service	For the three months' period ended June 30, 2021 (In ₹ million)
Retainership and other income from external customers <sup>#</sup>	292.32
Installation income from external customers	124.77
Income from campaign services	82.15
<b>Total</b>	<b>499.24</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

**Other Income.** Other income for the three months' period ended June 30, 2021 was ₹ 7.62 million. Other income in the three months' period ended June 30, 2021 comprised (a) provisions / liabilities no longer required written back; (b) gain on account of foreign exchange fluctuations (net) and (c) other non operating income. Provisions / liabilities no longer required written back was ₹ 4.13 million, gain on account of foreign exchange fluctuations (net) was ₹ 2.80 million; and (d) Other non operating income was ₹ 0.69 million for the three months' period ended June 30, 2021.

**Finance Income.** Finance income primarily consists of (a) interest income on bank deposits; and (b) interest income on security deposits. Finance income for the three months' period ended June 30, 2021 was ₹ 2.14 million.

Interest income on bank deposits was ₹ 2.12 million and interest income on security deposits was ₹ 0.02 million in the three months' period ended June 30, 2021.

**Expenses.** Expenses consists of (a) cost of campaign services; (b) professional and consultancy services; (c) employee benefit expenses; (d) depreciation and amortisation expenses; (e) finance costs; and (f) other expenses.

Total expenses for the three months' period ended June 30, 2021 was ₹ 748.26 million.

**Cost of campaign Services.** Cost of campaign services are costs incurred by us on media costs for the messages (SMS, e-mail, social media, messaging applications, etc.) sent out from our platform. Cost of campaign services for the three months' period ended June 30, 2021 was ₹ 67.74 million.

**Professional and consultancy Services.** Professional and consultancy services for the three months' period ended June 30, 2021 was ₹ 108.18 million.

**Employee benefit expenses.** Employee benefit expenses consists of (a) salaries, wages and bonus; (b) sales commission expenses; (c) contribution to provident and other funds; (d) employee stock option expenses; (e) gratuity expenses; (f) staff welfare expenses; and (g) staff training and recruitment expenses.

Employee benefit expenses was ₹ 336.40 million in the three months' period ended June 30, 2021, primarily consisting of salaries, wages and bonus of ₹ 268.81 million, employee stock option expenses of ₹ 45.99 million, gratuity expenses of ₹ 2.68 million, sales commission expenses of ₹ 4.78 million, contribution to provident and other funds of ₹ 6.73 million, staff welfare expenses of ₹ 5.40 million and staff training and recruitment expenses of ₹ 2.01 million.

**Depreciation and Amortisation Expenses.** Depreciation and amortisation expenses primarily consists of (a) depreciation of property, plant and equipment; and (b) amortisation of intangible assets and (c) depreciation of right-of-use assets.

Depreciation and amortisation expenses for the three months' period ended June 30, 2021 was ₹ 82.87 million, comprising depreciation of property, plant and equipment of ₹ 1.21 million, depreciation of right-of-use assets of ₹ 7.87 million and amortisation of intangible assets of ₹ 73.79 million.

**Finance Costs.** Finance Costs consists of (a) interest on debts and borrowings; (b) interest on lease liabilities; (c) interest- others and (d) bank charges.

Finance costs for the three months' period ended June 30, 2021 was ₹ 28.83 million, primarily comprising interest on debts and borrowings of ₹ 17.13 million, interest on lease liabilities of ₹ 1.00 million, interest - others of ₹ 8.59 million, and bank charges of ₹ 2.11 million.

**Other Expenses.** Other expenses comprises: (a) travelling and conveyance; (b) rent; (c) communication costs; (d) payment to auditor; (e) power and fuel; (f) provision for doubtful trade receivables and advances (including bad debts written off); (g) advances / deposits written off; (h); selling and marketing expenses; (i) repairs and maintenance – others; (j) loss on account of foreign exchange fluctuations (net); (k) rates and taxes; (l) software and server charges; and (m) miscellaneous expenses.

Other expenses for the three months' period ended June 30, 2021 was ₹ 124.24 million, primarily comprising:

- Selling and marketing expenses of ₹ 21.84 million;
- Software and server charges of ₹ 67.33 million;
- Communication costs of ₹ 2.21 million; and
- Miscellaneous expenses of ₹ 4.03 million.

**Profit before tax.** For the reasons discussed above, loss before tax was ₹ 239.26 million for the three months' period ended June 30, 2021.

**Tax expenses.** Current tax was ₹ 6.19 million and deferred tax charge/(credit) was ₹ (11.89) million for the three months' period ended June 30, 2021. As a result, total tax expenses amounted to ₹ (5.70) million for the three months' period ended June 30, 2021.

**Profit/(loss) for the Period.** We recorded a loss for the period of ₹ 233.56 million for the three months' period ended June 30, 2021.

## **FISCAL 2021 COMPARED TO FISCAL 2020**

### **Key Developments**

- Our business operations were adversely impacted by the COVID-19 pandemic in Fiscal 2021 as we witnessed a decline in our revenue from operations. In particular, our customers in the retail and hospitality sectors were severely affected by lockdowns and other restrictions imposed by governments globally, leading to significantly lower revenues from operations from such customers.
- We therefore strategically focused our business development efforts on non-retail and non-travel verticals such as diversified conglomerates, oil and gas and consumer goods companies, to compensate for the significant adverse impact on our retail and hospitality clients.
- We also increasingly focused our new business efforts on large enterprises, who had the benefit of stronger financial condition to weather the impact of the COVID-19 pandemic.

- In order to realign our cost structures, we have entered into negotiations with almost all of our vendors globally, including vendors that provide hosting services, rationalized teams to meet reduced demand for our services, curtailed travel expenses, rationalised sales and marketing expenses, and temporarily ceased new hires and salary raises.

**Income.** Total income decreased by 8.57% from ₹ 2,278.42 million in Fiscal 2020 to ₹ 2,083.09 million in Fiscal 2021. Total income comprises (a) revenue from operations; (b) other income; and (c) finance income.

**Revenue from Operations.** Revenue from operations decreased by 12.97% from ₹ 2,246.94 million in Fiscal 2020 to ₹ 1,955.52 million in Fiscal 2021.

**Sale of Services.** Sale of services decreased by 12.97% from ₹ 2,246.94 million in Fiscal 2020 to ₹ 1,955.52 million in Fiscal 2021 because of COVID-19 pandemic where many of our customers were impacted by the lockdowns and we had to hence offer discounts to them. Further, there was a higher customer churn in Fiscal 2021 as compared to Fiscal 2020 as a result of the impact of the COVID-19 pandemic. Income from campaign services which is usage based were also significantly effected as customers ran lesser campaigns given COVID-19. Sale of services comprises: (a) retainership and other income from external customers; (b) installation income from external customers; and (c) income from campaign services.

The following table sets forth certain information relating to our revenue from sale of services presented in accordance with the types of services we offer in the periods indicated:

Type of Service	Fiscal 2020 (₹ million)	Fiscal 2021 (₹ million)	Percentage increase / (decrease) (%)
Retainership and other income from external customers <sup>#</sup>	1,326.85	1,231.06	(7.22)
Installation income from external customers	244.21	370.87	51.87
Income from campaign services	675.88	353.59	(47.68)
<b>Total</b>	<b>2,246.94</b>	<b>1,955.52</b>	<b>(12.97)%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

**Other Income.** Other income comprised (a) export incentives; (b) provisions / liabilities no longer required written back; (c) provision for doubtful trade receivables and advances no longer required written back; (d) net gain on disposal of financial instruments; (e) net gain on disposal of property, plant and equipment; (f) gain on account of foreign exchange fluctuations (net); (g) net gain on modification of lease contracts; (h) Government grants; and (i) other non-operating income.

Other income increased from ₹ 18.16 million in Fiscal 2020 to ₹ 114.64 million in Fiscal 2021 primarily due to an increase in other non-operating income from ₹ 3.95 million in Fiscal 2020 to ₹ 10.54 million in Fiscal 2021 on account of COVID incentives received from the respective labour departments in countries of the local subsidiaries, increase in export incentives from nil in Fiscal 2020 to ₹ 49.23 million in Fiscal 2021 on account of receipt of SEIS benefits received from the Directorate General of Foreign Trade, Government of India; loss on account of foreign exchange fluctuations (net) from ₹ 13.19 million in Fiscal 2020 to gain of ₹ 15.26 million in Fiscal 2021 on account of favourable exchange rate position in Fiscal 2021; net gain on disposal of property, plant and equipment from ₹ 0.01 million in Fiscal 2020 to ₹ 0.55 million in Fiscal 2021 and provisions / liabilities no longer required written back by 18.41% from ₹ 13.36 million in Fiscal 2020 to ₹ 15.82 million in Fiscal 2021 on account of write back of accruals no longer payable.

This was marginally offset by a decrease in net gain on disposal of financial instruments from ₹ 0.84 million in Fiscal 2020 to nil in Fiscal 2021 as there were no disposals in Fiscal 2021.

**Finance Income.** Finance income primarily consisting of (a) interest income on bank deposits (gross); (b) Interest income on income tax refund; and (c) interest income on other financial assets. Finance income decreased by 2.93% from ₹ 13.32 million in Fiscal 2020 to ₹ 12.93 million in Fiscal 2021 primarily due to decrease in interest income on security deposits by 98.78% from ₹ 3.28 million in Fiscal 2020 to ₹ 0.04 million in Fiscal 2021 on account of interest income earned on security deposits pertaining to lease contracts in Fiscal 2020; the same contracts were modified in Fiscal 2021 resulting in nil income in said Fiscal; and decrease in interest income on bank deposits by 9.07% from ₹ 4.74 million in Fiscal 2020 to ₹ 4.31 million in Fiscal 2021. Though there was an increase in bank deposits from Fiscal 2020 to Fiscal 2021, there was a reduction in interest rates earned on these bank deposits resulting in said decrease. This was partially offset by an increase in interest on income tax refund

by 61.89% from ₹ 5.30 million in Fiscal 2020 to ₹ 8.58 million in Fiscal 2021 on account of receipts of income tax refunds pertaining to receivable tax credits of previous fiscal years in Fiscal 2021.

**Expenses.** Expenses comprised (a) cost of campaign services; (b) professional and consultancy services; (c) employee benefit expenses; (d) depreciation and amortisation expenses; (e) finance cost; and (f) other expenses.

Total expenses decreased by 25.44% from ₹ 3,419.25 million in Fiscal 2020 to ₹ 2,549.55 million in Fiscal 2021.

**Cost of Campaign Services.** Cost of campaign services decreased by 45.91% from ₹ 583.40 million in Fiscal 2020 to ₹ 315.57 million in Fiscal 2021. This was primarily on account of a decrease in the number of campaigns run by our customers due to the economic impact of the COVID-19 pandemic as well as associated lockdown and travel restrictions.

**Professional and Consultancy Services.** Professional and consultancy services decreased by 13.99% from ₹ 332.25 million in Fiscal 2020 to ₹ 285.76 million in Fiscal 2021. This was on account of the various cost rationalisation structures, renegotiation of terms with our vendors and other streamlining of processes to weather the impact of the COVID-19 pandemic.

**Employee Benefit Expenses.** Employee benefit expenses comprised (a) salaries, wages and bonus; (b) sales commission expenses; (c) contribution to provident and other funds; (d) employee stock option expenses; (e) gratuity expenses; (f) staff welfare expenses; and (g) staff training and recruitment expenses.

Employee benefit expenses decreased by 23.67% from ₹ 1,408.63 million in Fiscal 2020 to ₹ 1,075.21 million in Fiscal 2021, primarily due to a decrease in salaries, wages and bonus by 22.72% from ₹ 1,206.13 million in Fiscal 2020 to ₹ 932.10 million in Fiscal 2021. This was on account of reduction in employee count in response to the impact of COVID-19 pandemic and further streamlining of processes. Moreover there were modifications made in our sales team to strategically focus on large enterprises, thereby reducing the number of sales personnel. In addition, large enterprises operate at high margins and consequently cost of implementation and cost of servicing such customers as well as team size to implement/ service such customers are relatively lower/ smaller. Our employee stock option expenses reduced by 6.19% from ₹ 60.44 million in Fiscal 2020 to ₹ 56.70 million in Fiscal 2021 and contribution to provident and other funds reduced by 53.52% from ₹ 44.38 million in Fiscal 2020 to ₹ 20.63 million in Fiscal 2021. On account of the above stated reasons, various measures taken in response to the COVID-19 pandemic as mentioned above, our sales commission expenses reduced by 13.07% from ₹ 33.27 million in Fiscal 2020 to ₹ 28.92 million in Fiscal 2021, and staff welfare expenses by 49.75% from ₹ 47.48 million in Fiscal 2020 to ₹ 23.86 million in Fiscal 2021.

**Depreciation and Amortisation Expenses.** Depreciation and amortisation expenses comprises (a) depreciation of property, plant and equipment; (b) depreciation of right-of-use assets; and (c) amortisation of intangible assets.

Depreciation and amortisation expenses increased by 25.89% from ₹ 263.87 million in Fiscal 2020 to ₹ 332.18 million in Fiscal 2021, primarily due to an increase in amortisation of intangible assets by 47.01% from ₹ 197.37 million in Fiscal 2020 to ₹ 290.15 million in Fiscal 2021. The increase in amortisation of intangible assets is on account of substantial capitalisation of internally generated software towards the end of Fiscal 2020 leading to only a month's amortisation of the same as compared to full year's amortisation in Fiscal 2021. Further, additions to internally generated software in Fiscal 2021 were in the middle of the year which contributed to higher amortisation.

This has been partially offset by primarily due to decrease in depreciation of property, plant and equipment by 35.29% from ₹ 16.55 million in Fiscal 2020 to ₹ 10.71 million in Fiscal 2021, decrease in depreciation of right-of-use assets by 37.30% from ₹ 49.95 million in Fiscal 2020 to ₹ 31.32 million in Fiscal 2021 due to various modifications / reductions of lease terms across our global offices in response to the COVID-19 pandemic.

**Finance Costs.** Bank charges comprises (a) interest on debts and borrowings; (b) interest on lease liabilities; (c) interest – others; and (d) bank charges.

Finance costs decreased by 12.23% from ₹ 123.53 million in Fiscal 2020 to ₹ 108.42 million in Fiscal 2021, primarily due to a decrease in interest on debts and borrowings by 11.40% from ₹ 74.37 million in Fiscal 2020 to ₹ 65.89 million in Fiscal 2021 on account repayment of loans taken from financial institutions from financial institutions; interest on lease liabilities by 28.62% from ₹ 6.01 million in Fiscal 2020 to ₹ 4.29 million in Fiscal 2021 on account of modification of lease terms resulting in reduction of lease liabilities, interest-others by 8.04% from ₹ 33.95 million in Fiscal 2020 to ₹ 31.22 million in Fiscal 2021 and bank charges by 23.70% from ₹ 9.20 million in Fiscal 2020 to ₹ 7.02 million in Fiscal 2021 on account of loan processing charges paid in Fiscal 2020

as back-end fees for earlier facilities from financial institutions.

**Other Expenses.** other expenses comprises: (a) travelling and conveyance; (b) rent; (c) communication costs; (d) payment to auditor; (e) power and fuel; (f) provision for doubtful trade receivables and advances (including bad debts written off); (g) advances/ deposits written off; (h) selling and marketing expenses; (i) repairs and maintenance – others; (j) loss on account of foreign exchange fluctuations (net); (k) rates and taxes; (l) software and server charges; (m) intangible assets under development written off; and (n) miscellaneous expenses.

Other expenses decreased by 38.89% from ₹ 707.57 million in Fiscal 2020 to ₹ 432.41 million in Fiscal 2021, primarily due to a decrease in:

- Travelling and conveyance by 88.50% from ₹ 120.47 million in Fiscal 2020 to ₹ 13.86 million in Fiscal 2021. This was on account of travel restrictions imposed because of COVID-19;
- Rent by 38.48% from ₹ 25.86 million in Fiscal 2020 to ₹ 15.91 million in Fiscal 2021. This was on account of us transitioning to a hybrid work model across our international offices with reduced and renegotiated lease terms;
- Power and fuel by 99.13% from ₹ 9.16 million in Fiscal 2020 to ₹ 0.08 million in Fiscal 2021 on account of us moving to a managed workspace wherein power costs were not separately incurred by us. Further, we shifted to a hybrid work model resulting in reduced electricity and associated office power costs;
- Repairs and maintenance – others by 43.88% from ₹ 27.87 million in Fiscal 2020 to ₹ 15.64 million in Fiscal 2021 on account of us moving to a managed workspace wherein these costs are largely borne by the managed office provider;
- Software and server charges by 9.39% from ₹ 262.75 million in Fiscal 2020 to ₹ 238.09 million in Fiscal 2021. This was on account of marginally reduced cloud facility usage by our customers because of the impact of COVID-19;
- Provision for doubtful trade receivables and advances (including bad debts written off) by 98.85% from ₹ 118.77 million in Fiscal 2020 to ₹ 1.37 million in Fiscal 2021. This was on account of us collecting some of the bad debts we had provided for in Fiscal 2020. This was primarily due to increased uncertainty over recoverability of customers billed towards the end of Fiscal 2020 on account of the impact of COVID-19. However, these were subsequently recovered by us in Fiscal 2021;
- Communication costs by 61.88% from ₹ 24.21 million in Fiscal 2020 to ₹ 9.23 million in Fiscal 2021 on account of reduced usage of offices and resultant office communication costs; and
- Miscellaneous expenses by 10.92% from ₹ 21.34 million in Fiscal 2020 to ₹ 19.01 million in Fiscal 2021. This was on account of the impact of COVID-19 and reduced employee headcount.

These reductions were marginally offset by an increase in rates and taxes by 92.35% from ₹ 4.97 million in Fiscal 2020 to ₹ 9.56 million in Fiscal 2021, and increase in advances / deposits written off by 26.78% from ₹ 5.90 million in Fiscal 2020 to ₹ 7.48 million in Fiscal 2021. These are primarily on account of interest paid on delay in payment of statutory dues and increase in irrecoverable withholding taxes written off from doubtful customers and above increases are also offset by increase in selling and marketing expenses by 23.78% from ₹ 57.07 million in Fiscal 2020 to ₹ 70.64 million in Fiscal 2021 on account of our participation in a few marketing and sponsorship events towards the end of Fiscal 2021 post relaxation of COVID-19 associated lockdowns. Further loss on account of foreign exchange fluctuations (net) increased by 53.07% from ₹ 13.19 million in Fiscal 2020 to ₹ 20.19 million in Fiscal 2021 due to unfavourable foreign exchange for our Company and Subsidiaries.

**Profit/(loss) before tax.** For the reasons discussed above loss before tax was ₹ 466.46 million in Fiscal 2021 as compared to loss before tax of ₹ 1,140.83 million in Fiscal 2020.

**Total tax expenses.** Current tax was ₹ 9.10 million in Fiscal 2021 as compared to ₹ 6.00 million in Fiscal 2020, and deferred tax charge/ (credit) was ₹ (45.06) million in Fiscal 2021 as compared to ₹ (42.50) million in Fiscal 2020. As a result, total tax expenses amounted to ₹ (35.96) million in Fiscal 2021 as compared to ₹ (36.50) million in Fiscal 2020.

**Profit/(loss) for the Year.** We recorded a loss for the year of ₹ 430.50 million in Fiscal 2021 as compared to loss for the year of ₹ 1,104.33 million in Fiscal 2020.

## FISCAL 2020 COMPARED TO FISCAL 2019

### Key Developments

We focused our efforts in Fiscal 2020 to improve our margins and profitability. In order to improve profitability, we ceased working with customers that need added services on an ongoing basis or during the initial go-live period, typically smaller customers who require additional service attention.

- We also renegotiated with customers to reduce services provided to them, and with customers where margins were relatively low.
- We also centralized our operations and transferred a majority of our global delivery efforts to Bengaluru and focused our new business efforts on winning large enterprise customers from our earlier focus of having teams for all segments of the market.

**Income.** Total income increased by 8.20% from ₹ 2,105.71 million in Fiscal 2019 to ₹ 2,278.42 million in Fiscal 2020. Total income comprises (a) revenue from operations; (b) other income; and (c) finance income.

**Revenue from Operations.** Revenue from operations increased by 8.36% from ₹ 2,073.62 million in Fiscal 2019 to ₹ 2,246.94 million in Fiscal 2020. Revenue from Operations comprises (a) sale of services; and (b) other operating revenue.

**Sale of Services.** Sale of services increased by 8.71% from ₹ 2,066.90 million in Fiscal 2019 to ₹ 2,246.94 million in Fiscal 2020. There was a decrease in our customers who were delivering lower margins and we renegotiated with some of our lower-margin customers to reduce service offerings and corresponding revenue earned from them. In turn, we added new large enterprise customers across all our markets that compensated for this reduction leading to our retainership and other income from external customers increasing by 16.01%. Further, as we onboarded large enterprise customers our installation income increased as these customers are willing to pay more for a more integrated solution. Sale of services comprises: (a) retainership and other income from external customers; (b) installation income from external customers; and (c) income from campaign services. The following table sets forth certain information relating to our revenue from sale of services presented in accordance with the types of services we offer in the periods indicated:

Type of Service	Fiscal 2019 (in ₹ million)	Fiscal 2020 (in ₹ million)	Percentage increase / (decrease) (%)
Retainership and other income from external customers <sup>#</sup>	1,143.77	1,326.85	16.01%
Installation income from external customers	170.51	244.21	43.22%
Income from campaign services	752.62	675.88	(10.20)%
<b>Total</b>	<b>2,066.90</b>	<b>2,246.94</b>	<b>8.71%</b>

<sup>#</sup> Retainership and other income from external customers refers to subscription revenues or recurring revenues linked to the numbers of transactions hitting our platform or number of stores live on our platform for a customer.

**Other Income.** Other income comprised (a) export incentives; (b) provisions/liabilities no longer required written back; (c) provision for doubtful trade receivables and advances, no longer required written back; (d) net gain on disposal of financial instruments; (e) net gain on disposal of property, plant and equipment; (f) gain on account of foreign exchange fluctuations (net); (g) net gain on net gain on modification of lease contracts; and (h) other non-operating income.

Other income decreased by 29.88% from ₹ 25.90 million in Fiscal 2019 to ₹ 18.16 million in Fiscal 2020 primarily due to decrease in net gain on modification of lease contracts from ₹ 1.25 million in Fiscal 2019 to nil in Fiscal 2020 on account of change in leasing arrangements; gain on account of foreign exchange fluctuations from ₹ 16.31 million in Fiscal 2019 to nil in Fiscal 2020 on account of unfavourable exchange rates and other non-operating income by 26.44% from ₹ 5.37 million in Fiscal 2019 to ₹ 3.95 million in Fiscal 2020. This was marginally offset by increase in gain on account of disposals of financial instruments from ₹ 0.12 million in Fiscal 2019 to ₹ 0.84 million in Fiscal 2020 on account of disposals of mutual fund investments in Fiscal 2020 at profits; and provisions / liabilities no longer required written back from ₹ 2.85 million in Fiscal 2019 to ₹ 13.36 million in Fiscal 2020 due to write back of accruals no longer required.

**Finance Income.** Finance income primarily consist of (a) interest income on bank deposits; (b) interest income on security deposits; (c) interest income from financial instruments at fair value through profit and loss; and (d)



interest income on income tax refund. Finance income increased from ₹ 6.19 million in Fiscal 2019 to ₹ 13.32 million in Fiscal 2020 primarily due to an increase in interest income on income tax refund from nil in Fiscal 2019 to ₹ 5.30 million in Fiscal 2020 on account of interest on income tax received for earlier financial years and in interest income on bank deposits from ₹ 1.76 million in Fiscal 2019 to ₹ 4.74 million in Fiscal 2020 on account of increase in deposits with banks against additional sanctions of working capital facilities.

**Expenses.** Expenses comprised (a) cost of campaign services; (b) professional and consultancy services; (c) employee benefit expenses; (d) depreciation and amortisation expenses; (e) finance cost; and (f) other expenses.

Total expenses decreased by 0.47% from ₹ 3,435.32 million in Fiscal 2019 to ₹ 3,419.25 million in Fiscal 2020.

**Cost of Campaign Services.** Cost of campaign services decreased by 7.52% from ₹ 630.85 million in Fiscal 2019 to ₹ 583.40 million in Fiscal 2020. This was on account of a reduction in number of campaigns run by our customers with our focus shifting towards large enterprises and corresponding exit of low-margin customers from our campaign platforms.

**Professional and Consultancy Services.** Professional and consultancy services decreased by 8.23% from ₹ 362.05 million in Fiscal 2019 to ₹ 332.25 million in Fiscal 2020. This was on account of reductions in number of customers needing heavier implementations and on-going services which led to a reduction in our need for these services from other vendors.

**Employee Benefit Expenses.** Employee benefit expenses comprised (a) salaries, wages and bonus; (b) sales commission expenses; (c) contribution to provident and other funds; (d) employee stock option expenses; (e) gratuity expenses; (f) staff welfare expenses; and (g) staff training and recruitment expenses.

Employee benefit expenses decreased by 0.75% from ₹ 1,419.21 million in Fiscal 2019 to ₹ 1,408.63 million in Fiscal 2020, primarily due to a decrease in staff training and recruitment expenses by 86.47% from ₹ 36.82 million in Fiscal 2019 to ₹ 4.98 million in Fiscal 2020. This was on account of reduced hiring due to the profitability drive. Our employee stock option expenses reduced by 30.88% from ₹ 87.44 million in Fiscal 2019 to ₹ 60.44 million in Fiscal 2020 as there were no major additional ESOP grants for the previous two years. Our gratuity expenses reduced by 12.71% from ₹ 13.69 million in Fiscal 2019 to ₹ 11.95 million in Fiscal 2020 on account of higher attrition. This was offset by an increase in salaries, wages and bonus by 1.94% from ₹ 1,183.12 million in Fiscal 2019 to ₹ 1,206.13 million in Fiscal 2020. This was on account of annual increments in salaries. Our sales commission expenses increased by 44.59% from ₹ 23.01 million in Fiscal 2019 to ₹ 33.27 million in Fiscal 2020. This was due to change in our commission policy, which incentivized over achievement. Additionally, significantly higher number of new businesses were added in Fiscal 2020 as compared to Fiscal 2019 resulting in higher pay-outs of sales commission.

**Depreciation and Amortisation Expenses.** Depreciation and amortisation expenses comprises (a) depreciation of property, plant and equipment; (b) depreciation of right-of-use assets; and (c) amortisation of intangible assets.

Depreciation and amortisation expenses increased by 45.29% from ₹ 181.62 million in Fiscal 2019 to ₹ 263.87 million in Fiscal 2020, primarily due to increase in amortisation of intangible assets by 91.98% from ₹ 102.81 million in Fiscal 2019 to ₹ 197.37 million in Fiscal 2020. The above increase was marginally offset by depreciation of right-of-use assets by 11.04% from ₹ 56.15 million in Fiscal 2019 to ₹ 49.95 million in Fiscal 2020, and depreciation of property, plant and equipment by 26.96% from ₹ 22.66 million in Fiscal 2019 to ₹ 16.55 million in Fiscal 2020 as the additions for Fiscal 2020 was during the second half of the year.

**Finance Costs.** Finance costs comprises (a) interest on debts and borrowings; (b) interest on lease liabilities; (c) interest – others; and (d) bank charges.

Finance costs decreased by 0.73% from ₹ 124.44 million in Fiscal 2019 to ₹ 123.53 million in Fiscal 2020, primarily due to a decrease in interest on debts and borrowings by 0.93% from ₹ 75.07 million in Fiscal 2019 to ₹ 74.37 million in Fiscal 2020 on account of marginal movement in borrowings during the year; interest on lease liabilities by 39.42% from ₹ 9.92 million in Fiscal 2019 to ₹ 6.01 million in Fiscal 2020 on account of modification in lease terms during the year, and bank charges by 18.08% from ₹ 11.23 million in Fiscal 2019 to ₹ 9.20 million in Fiscal 2020 as there were relatively lesser loan sanctions and disbursements in Fiscal 2020. This was partially offset by an increase in interest-others by 20.30% from ₹ 28.22 million in Fiscal 2019 to ₹ 33.95 million in Fiscal 2020 on account of an increase in interest on statutory dues.

**Other Expenses.** other expenses comprises: (a) travelling and conveyance; (b) rent; (c) communication costs; (d) payment to auditor; (e) power and fuel; (f) provision for doubtful trade receivables and advances (including bad debts

written off); (g) advances/ deposits written off; (h) selling and marketing expenses; (i) repairs and maintenance – others; (j) loss on account of foreign exchange fluctuations (net); (k) rates and taxes; (l) software and server charges; (m) intangible assets under development written off; (n) fair value loss on financial instruments at fair value through profit or loss and (o) miscellaneous expenses.

Other expenses decreased by 1.34% from ₹ 717.15 million in Fiscal 2019 to ₹ 707.57 million in Fiscal 2020, primarily due to a decrease in:

- Travelling and conveyance by 34.22% from ₹ 183.15 million in Fiscal 2019 to ₹ 120.47 million in Fiscal 2020. This was on account of a smaller sales teams which focused only on large enterprises and our focus on profitability, where a new travel policy was introduced;
- Power and fuel by 25.71% from ₹ 12.33 million in Fiscal 2019 to ₹ 9.16 million in Fiscal 2020 on account of movement to a managed workspace for our India operations, where we were not required to incur separate costs of power and fuel;
- Selling and marketing expenses by 39.03% from ₹ 93.60 million in Fiscal 2019 to ₹ 57.07 million in Fiscal 2020. This was on account of a smaller sales team which focused only on Large Enterprise customers and the resultant reduction in selling and marketing vendor costs incurred;
- Communication costs by 24.58% from ₹ 32.10 million in Fiscal 2019 to ₹ 24.21 million in Fiscal 2020 on account of movement to a managed workspace for our India operations resulting in reduced office communication costs; and
- Miscellaneous expenses by 30.49% from ₹ 30.70 million in Fiscal 2019 to ₹ 21.34 million in Fiscal 2020. This was on account of the profitability drive where we rationalized our costs.

These reductions were partially offset by an increase in provision for doubtful trade receivables and advances (including bad debts written off) from ₹ 47.42 million in Fiscal 2019 to ₹ 118.77 million in Fiscal 2020. This was primarily due to increased uncertainty over recoverability of customers billed towards the end of Fiscal 2020 on account of the impact of COVID-19. repairs and maintenance-others by 88.95% from ₹ 14.75 million in Fiscal 2019 to ₹ 27.87 million in Fiscal 2020 on account of refurbishing charges of office premises, software and server charges by 2.10% from ₹ 257.35 million in Fiscal 2019 to ₹ 262.75 million in Fiscal 2020 on account of higher cloud hosting charges resulting from onboarding of new large enterprises, rent by 75.68% from ₹ 14.72 million in Fiscal 2019 to ₹ 25.86 million in Fiscal 2020 on account of increase in overseas operations and corresponding office spaces taken on lease; and loss on account of foreign exchange fluctuations (net) by 110.37% from ₹ 6.27 million in Fiscal 2019 to ₹ 13.19 million in Fiscal 2020 on account of unfavourable exchange rate positions for Capillary Group as a whole.

**Profit/(loss) before tax.** For the reasons discussed above, loss for the year before tax was ₹ 1,140.83 million in Fiscal 2020 as compared to loss before tax of ₹ 1,329.61 million in Fiscal 2019.

**Tax Expenses** Current tax was ₹ 6.00 million in Fiscal 2020 as compared to ₹ 6.33 million in Fiscal 2019, and deferred tax charge/(credit) was ₹ (42.50) million in Fiscal 2020 as compared to ₹ (25.58) million in Fiscal 2019. As a result, total tax expenses amounted to ₹ (36.50) million in Fiscal 2020 as compared to ₹ (19.25) million in Fiscal 2019.

**Profit/(loss) for the Year.** We recorded a loss for the year of ₹ 1,104.33 million in Fiscal 2020 as compared to loss for the year of ₹ 1,310.36 million in Fiscal 2019.

### Auditor's Observations

Our Statutory Auditors have also included emphasis of matters in our Proforma Financial Statements as below:

- *Our Statutory Auditor has drawn attention to Note 5 to the Proforma Financial Information, which describes the uncertainties and the management's assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the future business operations, liquidity position and recoverability of assets of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact in the subsequent periods is dependent upon circumstances as they evolve.*
- *Our Statutory Auditor has drawn attention draw attention to Notes 1(iii) and (iv) to the Proforma Financial Information, which states that the Transferred Business is pending execution of novation/*

*assignment/ transfer of various contracts as stipulated in the Business and Loan Transfer Agreement and transfer of entities pursuant to Gift Deeds in relation to Capillary Technologies DMCC and Capillary Technologies (Shanghai) Co Ltd involves intimation and updation of filings with the appropriate authorities which the Management of the Company believes are procedural in nature.*

- *Statutory Auditor has drawn attention to Note 2.2 to the Proforma Financial Information with regard to inclusion of financial information of the acquired enterprises, acquired business and transferred subsidiaries for the periods April 1, 2019 to March 31, 2020 and April 1, 2018 to March 31, 2019 in Proforma Financial Information on a voluntary basis though not required to be included as Proforma Financial Information as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Guidance note on Proforma Financial Statements issued by the Institute of Chartered Accountants of India.*

Except at stated above, there have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by respective statutory auditors in their auditor's reports on the audited financial statements as of and for the years ended March 31, 2019, 2020 and 2021, and the three months' period ended June 30, 2021.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to various types of market risks during the normal course of business. Market risk is the risk of loss related to adverse changes in market prices. We are exposed to financial risk, credit risk, liquidity risk and foreign currency risk in the normal course of our business.

### **Credit Risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our Company is exposed to credit risk primarily from our operating activities (primarily trade receivables), including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Trade receivables are typically unsecured. Credit risk is managed by our Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which our Company grants credit terms in the normal course of business. Credit risk on cash and cash equivalent is limited as we generally transact with banks and financial institutions with high credit ratings assigned by international and domestic credit rating.

### **Foreign Currency Risk**

The fluctuation in foreign currency exchange rates may have a potential impact on our statement of profit or loss, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of our Company. While we undertake some transactions denominated in foreign currencies and as a result, we are exposed to exchange rate fluctuations, we have very little exposure to foreign currency fluctuations. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition.

### **Liquidity Risk**

Liquidity risk is the risk that our Company may not be able to meet our present and future cash and collateral obligations without incurring unacceptable losses. Our Company aims at maintaining optimum levels of liquidity to meet our cash and collateral requirements. Our Company closely monitors our liquidity position and deploys a cash management system as well as maintains adequate sources of financing including loans from banks at an optimised cost.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a certain extent by borrowings and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our exposure to the risk of changes in market interest rates is minimal given that our long-term debt obligations are at fixed interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service term loans and to finance development of new projects, all of which in turn may adversely affect our results of operations.

We manage our interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. We do not enter into any interest rate swaps.

**Inflation**

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings involving our Company, our Promoter, our Directors or our Subsidiaries; (ii) actions taken by statutory or regulatory authorities involving our Company, our Promoter, our Directors or our Subsidiaries; (iii) litigation involving our Company, our Promoter, our Directors or our Subsidiaries related to direct and indirect taxes (disclosed in a consolidated manner); (iv) other litigations as determined to be material by our Board of Directors as per the Materiality Policy (defined below) in accordance with the SEBI ICDR Regulations; (v) dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations; (vi) dues to material creditors, micro, small and medium enterprises and other creditors; and (vii) litigation involving our Group Company which have a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions including penalty imposed by SEBI or stock exchanges against our Promoter in the last five Financial Years including any outstanding action.*

*For the purpose of (iv) and (v) above, our Board in its meeting held on December 23, 2021 has considered and adopted a policy of materiality for identification of material litigation involving our Company, our Promoter, our Directors and our Subsidiaries (“**Relevant Parties**” and such policy, the “**Materiality Policy**”).*

*In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoter in the last five Financial Years including outstanding action, and tax matters, would be considered ‘material’ if:*

- (i) the monetary amount of claim by or against the Relevant Parties in any such pending proceeding is in excess of 1.00% of the total income of our Company as per the last full year included in the Restated Summary Statements of our Company. Our total income for Fiscal ended 2021 as per Restated Summary Statements of our Company was ₹ 1,231.57 million. Accordingly, outstanding litigation involving the Relevant Parties have been considered material and disclosed in this section where the aggregate amount involved in such litigation exceeds ₹ 12.32 million.*
- (ii) any bankruptcy or insolvency or winding up matter against the Relevant Parties; or*
- (iii) where the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (i) above, but an outcome in any such litigation would materially and adversely affect our Company’s business, prospects, operations, cash flows, financial position or reputation.*

*In terms of the Materiality Policy, a creditor of our Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceeds 5.00% of the trade payables as at the end of the latest period included in the Restated Summary Statements of our Company included in the Offer Documents.*

*Except as disclosed in this section, there are no outstanding material dues to creditors of our Company. In terms of the Materiality Policy, outstanding dues to any creditor of our Company having monetary value exceeding ₹ 5.76 million, which is 5.00% of the trade payables of our Company as of June 30, 2021 as per the Restated Summary Statements of our Company shall be considered as ‘material’. Accordingly, as of June 30, 2021 any outstanding dues exceeding ₹5.76 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

*Further, it is clarified that for the purpose of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding statutory or regulatory authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum.*

## I. LITIGATION INVOLVING OUR COMPANY

### A. Outstanding action by regulatory or statutory authorities

#### *Compounding applications filed by our Company*

Our Company has filed an application dated October 27, 2021 before the Assistant Deputy General Manager, Foreign Exchange Department, Reserve Bank of India (“**RBI**”) for compounding the contravention under paragraph 9(1) (B) of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security to Person Resident Outside India) Regulations, 2000. The application has been filed for compounding the delay in filing Form FC-GPR for issuance of the shares to our non-resident Promoter, CTIPL within the stipulated period of 30 days from the date of issuance. Our Company submitted that such delay was unintentional and caused due to delay in receipt of foreign inward remittance certificate and know-your-customer documentation. The RBI, pursuant to its email dated October 29, 2021, acknowledged the receipt of compounding application. The application is currently pending for observation before the RBI. For details of potential risk of such contravention and rejection of the compounding application, please see “**Risk Factors – There have been delays in relation to reporting requirements in respect of issuance of securities by our Company**” on page 40.

## II. LITIGATION INVOLVING OUR SUBSIDIARIES

### A. Outstanding litigation by our Subsidiaries

Our Promoter, CTIPL (“**Claimant**”) has served a notice of arbitration dated September 20, 2021 before the Singapore International Arbitration Centre (“**SIAC**”) on Syngenta Asia Pacific Pte. Ltd. (“**Respondent**”) for a breach of contract for failure by the Respondent to pay invoices which were due. Invoices were given pursuant to a supply agreement and statements of work entered into between the Claimant and Respondent, under which the Claimant would develop and deploy a customer relationship program. The Claimant sought financial claims for the unpaid invoices amounting to SGD 0.15 million and USD 0.43 million (i.e., ₹ 40.25 million) along with interest and the cost of arbitration proceedings. The Respondent submitted its response to the notice of arbitration on October 18, 2021. The cause of action counterclaimed by the Respondent is for non-performance of contractual obligations by the Claimant for which the respondent has sought damages for breach of contract amounting to approximately SGD 0.35 million (i.e., ₹ 19.34 million) interests, costs of legal fees and reasonable disbursements and costs of arbitration proceedings. Pursuant to the claims and counter claims, both Parties were required to pay the advance fees, which has now been paid by the Parties. Now SIAC shall proceed to appoint the Arbitrator to adjudicate the dispute between the Parties. This matter is currently pending. Pursuant to the Business Transfer, the risks and rewards of this arbitration proceeding has now been transferred to our Material Subsidiary, CPL. See, “**History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years**” on page 217.

## III. TAX PROCEEDINGS

Particulars	Number of cases	Aggregate amount involved to the extent ascertainable ( in ₹ million)
<b>Tax proceedings involving our Company</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Sub-Total (A)</b>	Nil	Nil
<b>Tax proceedings involving our Directors</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Sub-Total (B)</b>	Nil	Nil
<b>Tax proceedings involving our Promoter</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Sub-Total (C)</b>	Nil	Nil
<b>Tax proceedings involving our Subsidiaries</b>		

Particulars	Number of cases	Aggregate amount involved to the extent ascertainable ( in ₹ million)
<b>Tax proceedings involving our Company</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Sub-Total (D)</b>	Nil	Nil
<b>Total (A+B+C+D)</b>	Nil	Nil

#### IV. OUTSTANDING DUES TO CREDITORS

As per our Materiality Policy, as at June 30, 2021, our Company had two material creditors to whom an aggregate amount of ₹ 52.40 million was outstanding.

The details of outstanding dues owed as at June 30, 2021 by our Company are set out below:

Material Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises *	9	2.61
Other creditors**	85	113.14
<b>Total</b>	<b>94</b>	<b>115.75</b>

\* Includes due to creditors for capital goods of ₹ 0.52 million

\*\* Includes provision and outstanding expense of ₹ 40.64 million

As certified by Manian and Rao, Chartered Accountants by way of their certificate dated December 24, 2021

The details pertaining to outstanding dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at [www.capillarytech.com/investors](http://www.capillarytech.com/investors).

#### V. MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 649, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals issued by relevant central and state authorities under various rules and regulations. We have set out below an indicative list of all material approvals obtained by our Company and our Material Subsidiaries, as applicable, for the purposes of undertaking our business activities and operations. In view of such material approvals, our Company can undertake the Offer and its current business activities. Unless otherwise stated, these approvals are valid as on the date of filing this Draft Red Herring Prospectus.*

*For details in connection with the regulatory and legal framework within which we operate, see “Key Regulations and Policies in India” on page 211. For the approvals and authorisations obtained by our Company and from the Selling Shareholder in relation to the Offer, see “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 708. For incorporation details of our Company, see “History and Certain Corporate Matters” on page 214.*

### I. Approvals in relation to the business and operations of our Company

Our Company requires various approvals to carry on their business and operations. Some of these may expire in the ordinary course of business, the applications for renewal of which are submitted in accordance with applicable procedures and requirements. Our Company has received the following material approvals pertaining to our operations and business:

#### (a) Tax related approvals

- (i) The permanent account number of our Company is AAECK7007Q.
- (ii) The tax deduction account number of our Company is BLRK11547E.
- (iii) The Goods and Services Tax registration certificate issued on March 12, 2020 by the Assistant Commissioner, Local VAT Office, Government of Karnataka under the Karnataka Goods and Services Tax Act, 2017 bearing registration number 29AAECK7007Q1ZY.
- (iv) The registration certificate issued by the Professional Tax Officer, 6<sup>th</sup> Circle, Bangalore, under the Karnataka Tax on Profession, Trades, Calling and Employments Act, 1976 on March 15, 2013, bearing registration number 314546840.

#### (b) Labour and employee related approvals

- (i) Under the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 our Company has been allotted Employees Provident Fund (“EPF”) establishment code number BGBNG0067269000 on March 30, 2015 by the Employees Provident Fund Organisation.
- (ii) Under the Employees’ State Insurance Act, 1948, our Company has been allotted Employees State Insurance Corporation (“ESIC”) code number 53000341300000911 on May 15, 2013 by the Deputy Director, Regional office (Karnataka), ESIC.
- (iii) Under the Karnataka Shops and Commercial Establishments Act, 1961, our Company has been allotted registration number 22/175/CE/0156/2012 on June 14, 2012 by the Office of Senior Labour Inspector, Circle-22, Department of Labour, Government of Karnataka.

#### (c) Regulatory approvals

- (i) Our Company has obtained the Importer-Exporter Code number 0716905701 on May 27, 2016 issued by the Office of Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

### II. Material approvals or renewals applied for but not received

- (i) Our Company has made an application dated November 22, 2021 to the Department of Labour, Government of Karnataka, under the Karnataka Shops and Commercial Establishments Act, 1961 for renewal of our shops and establishment license bearing registration number 22/175/CE/0156/2012.



### III. Key Approvals in relation to our Material Subsidiaries

In order to operate our business in the jurisdiction where our Material Subsidiaries are located, we require certain approvals under various applicable laws. Our Material Subsidiaries have obtained the necessary approvals from the appropriate authorities and no key approvals are pending or have ceased to be valid, which are required for them to conduct their business.

### IV. Intellectual Property

#### (a) Trademarks

As on the date of this Draft Red Herring Prospectus, our Material Subsidiary, CPL has been assigned 38 trademarks, which are duly registered with the relevant authorities in India, Europe, Singapore and USA and are in the process of being transferred from CTIPL to CPL pursuant to the Assignment Deed. These include the following:

Registered Trademark	Classes of Trademark under the Trade Marks Act, 1999
	9, 35 and 42
	9
	9, 35, and 42
	9
	42

Further, our Promoter, CTIPL has also applied for registration of six trademarks under classes 9, 35 and 42 in China, all of which applications are currently pending before the relevant authorities, and have been assigned to our Material Subsidiary, CPL, pursuant to the Assignment Deed. For further details on the Assignment Deed, see, “*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years*” on page 214.

#### (b) Patents

Under the Business Transfer, and pursuant to the Assignment Deed, our Material Subsidiary, CPL has been assigned the following patents registered in the United States and Singapore by CTIPL.

Work Title	Country of Registration	Registration Number	Date of Registration
Extract, Transform and Load (ETL) System and Method	USA	US9633095B2	July 23, 2018
Report Generation System and Method	Singapore	10201502231T	July 23, 2018
Customer Identification and Registration Device	Singapore	10201603477Q	June 17, 2021
Multi-window Time Aware Personalised	Singapore	10201708929R	March 6, 2020

Work Title	Country of Registration	Registration Number	Date of Registration
Recommendation System			
In-store Customer Tracking and Engagement System	Singapore	10201805726T	June 9, 2020
People Detection System with Feature Space Enhancement	USA	US11151365B2	October 19, 2021
Overhead people Detection and Tracking System and Method	USA	US10963680B2	March 30, 2021
Extract, Transform and Load System and Method	Singapore	10201408350R	July 23, 2018

Further, under the Business Transfer and the Assignment Deed, the certain applications submitted by our Promoter, CTIPL, for registration of patents in the USA and India have been assigned and are in the process of being transferred to our Material Subsidiary, CPL. In addition, following includes applications made by CPL:

Work Title	Country of Application	Application Number	Date of Application
Customer Identification and Registration Device	India	2291/CHE/2015	April 22, 2016
Systems and Methods for Managing Customer Engagement	India	4190/CHE/2013	September 18, 2013
Multi-window Time Aware Personalised Recommendation System	India	201741023671	July 5, 2017
In-store Customer Tracking and Engagement System	USA	16/032,330	July 11, 2018
Retail Analytics Platform	India	202141007369	February 22, 2021
Performance Aware Overhead People Detection and Tracking System	India	201841001347	January 12, 2018
People Detection System with Feature Space Enhancement	India	201841021909	June 12, 2018
Multi-window Time Aware Personalised Recommendation System	USA	15/950259	April 11, 2018
Loyalty Delivered Sales Estimation System and Method	India	4190/CHE/2013	December 7, 2021

For risks associated with our intellectual property please see, “*Risk Factors – Failure to protect our intellectual property rights could adversely affect our business and our brand*” on page 40.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### Corporate Approvals

- Our Board has authorised the Offer by way of its resolution dated November 20, 2021 and our Shareholders have authorized the Fresh Issue pursuant to a special resolution passed on November 24, 2021. Further, our Board has taken on record the consent of the Selling Shareholder to participate in the Offer for Sale pursuant to a board resolution dated December 11, 2021 and a shareholders' resolution dated December 20, 2021.
- Our Board pursuant to its resolutions dated December 24, 2021 has approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

#### Approvals from the Selling Shareholder

The Selling Shareholder has specifically confirmed and authorised the transfer and Allotment of its portion of Offered Shares pursuant to the Offer for Sale, as set out below:

Sr. No.	Name of the Selling Shareholder	Date of resolution by board of directors and the date of resolution of the shareholders	Date of consent letter	Value of Equity Shares offered for sale ( in ₹ million)
1.	CTIPL	December 11, 2021 and December 20, 2021	December 22, 2021	6,500.00

The Selling Shareholder specifically confirms that, as required under Regulation 8 of the SEBI ICDR Regulations, it has held the Equity Shares proposed to be offered and sold by it in the Offer for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus and, to the extent that the Equity Shares being offered by the Selling Shareholder in the Offer have not been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus where such Equity Shares have resulted from a bonus issue, such bonus issue has been on Equity Shares held for a period of at least one year prior to the filing of this Draft Red Herring Prospectus. Further, in this regard, our Company confirms that such bonus issue was not and shall not be undertaken by capitalizing or by utilization of revaluation reserves or unrealized profits of our Company.

#### In-principle listing approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by SEBI, RBI or governmental authorities

Our Company, Promoter, Directors, Selling Shareholder or persons in control of our Company, Promoter and Selling Shareholder are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any authority or court.

Our Company, Promoter or Directors are not declared as fraudulent borrowers by any lending banks, financial institution or consortium, in accordance with the terms of the 'Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs' dated July 1, 2016, as updated, issued by the RBI.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoter and the Selling Shareholder are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to them, as on the date of this Draft Red Herring Prospectus.

## **Directors associated with the securities market**

None of our Director is associated with the securities market in any manner and no action has been initiated by SEBI against any of our Directors in the five years immediately preceding the date of this Draft Red Herring Prospectus.

## **Eligibility for the Offer**

We are an unlisted company that does not satisfy the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations, as set forth below: *“An issuer not satisfying the condition stipulated in Regulation 6(1) of the SEBI ICDR Regulations shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”*

We are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

- (a) neither our Company nor our Promoter or our Directors or the Selling Shareholder, are debarred from accessing the capital markets by SEBI;
- (b) none of our Promoter, nor our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI;
- (c) neither our Company nor our Promoter or any of our Directors is a Wilful Defaulter;
- (d) none of our Directors is a Fugitive Economic Offender; and
- (e) as on the date of this Draft Red Herring Prospectus, except for employee stock options granted pursuant to ESOP 2021 there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares. See *“Capital Structure”* on page 88.

## **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, ICICI SECURITIES LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, ICICI SECURITIES LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 24, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013 and at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

**Disclaimer from our Company, our Subsidiaries, our Promoter, our Directors, the Selling Shareholder and the BRLMs**

Our Company, our Subsidiaries, our Promoter, our Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.capillarytech.com](http://www.capillarytech.com), or any website of our Subsidiaries, any affiliate of our Company or any of the Group Companies or Selling Shareholder, would be doing so at his or her own risk. It is clarified that neither the Selling Shareholder, nor its directors, affiliates, associates and officers, accept and/or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Selling Shareholder in relation to itself and its portion of the Offered Shares. The Selling Shareholder, its respective directors, partners, affiliates, associates and officers accept or undertake no responsibility for any statements other than those undertaken or confirmed by such Selling Shareholder in relation to itself and its portion of the Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Subsidiaries, our Group Company, the Selling Shareholder and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholder and their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

### **Disclaimer in respect of Jurisdiction**

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Bangalore, India only.

### **Bidders eligible under Indian law to participate in the Offer**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), systemically important non-banking financial companies or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted Non-Residents including Eligible NRIs, Alternative Investment Funds (“AIFs”), Foreign Portfolio Investors registered with SEBI (“FPIs”) and QIBs). This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Karnataka, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholder from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.**

### **Eligibility and transfer restrictions**

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs” in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

### ***Equity Shares offered and sold within the United States***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholder and the BRLMs on behalf of itself and, if it is acquiring the Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (each, a “purchaser”), that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (i) the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (ii) the purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Equity Shares involves a considerable degree of risk and that the Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment;
- (iii) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- (iv) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;
- (v) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (vi) the purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Equity Shares in any jurisdiction other than the filing of this Draft Red Herring Prospectus with the SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Equity Shares of the restrictions set forth in “- ***Eligibility and transfer restrictions***” on page 711;
- (vii) the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares, and the purchaser agrees, on its own behalf and on behalf of any accounts for which it is acting, that for so long as the Equity Shares are “restricted securities”, it will not reoffer, resell, pledge or otherwise transfer any Equity Shares which it may acquire, or any beneficial interest therein, except in an offshore transaction complying with Regulation S under the U.S. Securities Act;
- (viii) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- (ix) the purchaser acknowledges and agrees that it is not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act);
- (x) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

- (xi) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

**“THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH REGULATION S UNDER THE U.S. SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS.”**

- (xii) neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilisation or manipulation of the price of any security of the Company to facilitate the sale or resale of the Equity Shares pursuant to the Offer;
- (xiii) prior to making any investment decision to subscribe for the Equity Shares, the purchaser: (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Red Herring Prospectus; (iii) will have possessed and carefully read and reviewed all information relating to our Company and the Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Equity Shares; (v) will have conducted its own due diligence on our Company and this Offer, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company (other than in this Draft Red Herring Prospectus), the BRLMs or their affiliates; and (vi) will have made its own determination that any investment decision to subscribe for the Equity Shares is suitable and appropriate, both in the nature and number of Equity Shares being subscribed;
- (xiv) our Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (xv) the purchaser acknowledges that our Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

***All other Equity Shares offered and sold in this Offer***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholder and the BRLMs on behalf of itself and, if it is acquiring the Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (each, a “purchaser”), that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (i) each of the acknowledgements, representations and agreements in paragraphs (i)-(iii), (v)-(viii), (xi)-(xiv) under the heading “- *Eligibility and transfer restrictions*” on page 711 ;
- (ii) the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Regulation S under the U.S. Securities Act;



- (iii) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
- (iv) the purchaser agrees that no offer or sale of the Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S under the U.S. Securities Act) and neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” in the United States with respect to the Equity Shares;
- (v) the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Equity Shares in compliance with applicable securities and other laws of their jurisdiction of residence;
- (vi) our Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (vii) the purchaser acknowledges that our Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

#### *European Economic Area*

In relation to each Member State of the European Economic Area (each a “Relevant State”), no Equity Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Equity Shares at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Issuer or any BRLM to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this paragraph, the expression an “offer to the public” in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

## *United Kingdom*

No Equity Shares have been offered or will be offered pursuant to the Offer to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the Financial Conduct Authority is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc. (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Equity Shares shall require the Issuer or any BRLM to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

### **Disclaimer clause of the BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

### **Disclaimer clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

## **Listing**

The Equity Shares proposed to be Allotted pursuant to the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares being offered and transferred in the Offer and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI. Further, the Selling Shareholder confirms that it shall provide reasonable assistance to our Company, and the BRLMs, with respect to its portion of the Offered Shares, for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. However, the Selling Shareholder shall not be liable to pay and/or reimburse any expenses towards refund or any interest thereon in respect to Allotment of its Offered Shares or otherwise, unless the failure or default or delay, as the case may be, is solely by, and is directly attributable to, an act or omission of such Selling Shareholder and such liability shall be limited to the extent of their respective Offered Shares.

## Impersonation

Attention of the Bidders is specifically drawn to the provisions of Section 38(1) of the Companies Act 2013, which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

## Consents

Consents in writing of: (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the legal counsels, the bankers to our Company, lenders to our Company (where such consent is required), industry sources, independent chartered accountant, the BRLMs and Registrar to the Offer have been obtained; and (b) the Syndicate Members, Bankers to the Offer (Escrow Bank, Public Offer Account Bank, Sponsor Bank and Refund Bank) to act in their respective capacities, will be obtained. Further, such consents have not been withdrawn until the date of this Draft Red Herring Prospectus.

## Experts

Our Company has received written consent dated December 24, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 23, 2021 on our Restated Summary Statements and (ii) their report dated December 24, 2021 on the Statement of Special Tax Benefits in relation to our Company in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act of 1933, as amended.

Our Company has received written consent dated December 24, 2021 from Manian and Rao, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to their certificates with respect to the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received consent dated December 24, 2021 from ECRA Pte. Ltd., to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible tax benefits for Capillary Pte. Ltd. dated December 24, 2021 included in the Offer Documents.

Our Company has received written consent dated December 23, 2021 from Abdulaziz Panis and Shah Associates, Chartered Accountants L.L.C., to include their name as required under section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013, in respect of (i) the special purpose audited financial statements of “Capillary Technologies DMCC” as of the three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their report issued thereon; and (ii) their

certificate dated December 20, 2021 on the statement of possible special tax benefits (direct and indirect) in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021 from Adi Nuron, Registered Public Accountants, Chartered Accountants and Certified Public Accountants, and Kantor Akuntan Publik Tanuwijaya to include their names as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 and in respect of the special purpose audited financial statements of Capillary Indonesia as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019 and for the three months period ended June 30, 2021 and their report issued thereon, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021 from NK Associates, Chartered Accountants to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 in respect of (i) the special purpose audited financial statements of Capillary Malaysia. as of the three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019 and their report issued thereon; and (ii) their certificate dated December 24, 2021 on the statement of possible special tax benefits (direct and indirect) available to Capillary Malaysia, in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021 from Shanghai Perfect C.P.A. Partnership, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 with respect to (i) special purpose audited financial statements of Capillary Shanghai as of three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their report issued thereon and (ii) their certificate dated on the Statement of Special Tax Benefits dated December 24, 2021 in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021, from MSKA & Associates, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in respect of special purpose audited financial statements of PLC as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, April 01, 2018 and as of the three months ended June 30, 2021, in Offer Documents and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated December 24, 2021, from MSKA & Associates, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in respect of special purpose audited financial statements of PHI as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, April 01, 2018 and as of the three months ended June 30, 2021, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has also received consent dated December 24, 2021 from CliftonLarsonAllen LLP to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible special tax benefits included in the Offer Documents in relation to their certificate dated December 24, 2021 on the Statement of Special Tax Benefits available to our Material Subsidiary, PLC, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

#### **Particulars regarding public or rights issues during the last five years**

Our Company has not undertaken any public issue or any rights issue to the public in the five years immediately preceding the date of this Draft Red Herring Prospectus.

#### **Commission or brokerage on previous issues in the last five years**

Since this is an initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares in the five years immediately preceding the date of this Draft Red Herring Prospectus.

## Capital issues in the preceding three years by our Company and listed promoters, group companies, subsidiaries or associate entities

Except as disclosed in “*Capital Structure - Notes to Capital Structure*” on page 88, our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. Further, our Subsidiaries have not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. Further, our Company does not have any listed Group Companies or associate entities.

## Performance vis-à-vis objects – public/rights issue of our Company

Our Company has not undertaken any public issue or any rights issue to the public in the five years immediately preceding the date of this Draft Red Herring Prospectus.

## Performance vis-à-vis objects – Public/rights issue of the listed subsidiary/ listed promoters of our Company

None our Subsidiaries nor our Promoter are listed on any stock exchange.

## Price information of past issues handled by the BRLMs

### ICICI Securities Limited

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by I-Sec

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Fino Payments Bank Limited	12,002.93	577.00	12-NOV-21	544.35	-30.56%, [-3.27%]	NA*	NA*
2	PB Fintech Limited	57,097.15	980.00	15-NOV-21	1150.00	+14.86%, [-4.33%]	NA*	NA*
3	One 97 Communications Limited	1,83,000.00	2,150.00	18-NOV-21	1,950.00	-38.56%, [-4.39%]	NA*	NA*
4	Sapphire Foods India Limited	20,732.53	1,180.00	18-NOV-21	1,350.00	+3.69%, [-4.39%]	NA*	NA*
5	Latent View Analytics Limited	6,000.00	197.00 <sup>(1)</sup>	23-NOV-21	512.20	+153.58%, [-3.13%]	NA*	NA*
6	Tarsons Products Limited	10,234.74	662.00 <sup>(2)</sup>	26-NOV-21	682.00	4.07%, [-0.13%]	NA*	NA*
7	Go Fashion (India) Limited	10,136.09	690.00	30-NOV-21	1,310.00	NA*	NA*	NA*
8	Star Health and Allied Insurance Company Limited	60,186.84	900.00 <sup>(3)</sup>	10-DEC-21	845.00	NA*	NA*	NA*
9	Shriram Properties Limited	6,000.00	118.00 <sup>(4)</sup>	20-DEC-21	90.00	NA*	NA*	NA*
10	Metro Brands Limited	13,675.05	500.00	22-DEC-21	437.00	NA*	NA*	NA*

\*Data not available.

- (1) Discount of Rs. 19 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 197.00 per equity share.
- (2) Discount of Rs. 61 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 662.00 per equity share.
- (3) Discount of Rs. 80 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 900.00 per equity share.
- (4) Discount of Rs. 11 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 118.00 per equity share.

2. *Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by I-Sec*

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50 %	Between 25-50%	Less than 25%	Over 50 %	Between 25-50%	Less than 25%	Over 50 %	Between 25-50%	Less than 25%	Over 50 %	Between 25-50%	Less than 25%
2021-22*	22	6,62,228.24	-	2	4	4	3	5	-	-	-	1	1	1
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	1	3	5	3	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

\* This data covers issues up to YTD

**Notes:**

1. All data sourced from [www.nseindia.com](http://www.nseindia.com), except for Computer Age Management Services Limited for which the data is sourced from [www.bseindia.com](http://www.bseindia.com)
2. Benchmark index considered is NIFTY
3. 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading day

**Kotak Mahindra Capital Company Limited**

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited*

Sr. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	C.E. Info Systems Limited	10,396.06	1,033	December 21, 2021	1,565.00	-	-	-
2.	Rategain Travel Technologies Limited	13,357.43	425 <sup>1</sup>	December 17, 2021	360.00	-	-	-
3.	Star Health And Allied Insurance Company Limited	64,004.39	900 <sup>2</sup>	December 10, 2021	845.00	-	-	-
4.	PB Fintech Limited	57,097.15	980	November 15, 2021	1,150.00	+14.86%, [-4.33%]	-	-
5.	FSN E-commerce Ventures Limited	53,497.24	1,125 <sub>3</sub>	November 10, 2021	2,018.00	+92.31%, [-2.78%]	-	-
6.	Aditya Birla Sun Life AMC Limited	27,682.56	712	October 11, 2021	715.00	-11.36%, [+0.55%]	-	-
7.	Vijaya Diagnostic Centre Limited	18,942.56	531 <sup>4</sup>	September 14, 2021	540.00	+5.41%, [+4.50%]	+8.08% [+0.76%]	-
8.	Aptus Value Housing Finance India Limited	27,800.52	353	August 24, 2021	333.00	-2.82%, [+5.55%]	-0.82%, [+6.86%]	-
9.	Cartrade Tech Limited	29,985.13	1,618	August 20, 2021	1,599.80	-10.31%, [+6.90%]	-32.68%, [+8.80%]	-
10.	Devyani International Limited	18,380.00	90	August 16, 2021	140.90	+32.83%, [+4.93%]	+63.06%, [+7.91%]	-

Source: [www.nseindia.com](http://www.nseindia.com)

**Notes:**

1. In Rategain Travel Technologies Limited, the issue price to eligible employees was ₹ 385 after a discount of ₹ 40 per equity share
2. In Star Health And Allied Insurance Company Limited, the issue price to eligible employees was ₹ 820 after a discount of ₹ 80 per equity share
3. In FSN E-Commerce Ventures Limited, the issue price to eligible employees was ₹ 1,025 after a discount of ₹ 100 per equity share
4. In Vijaya Diagnostic Centre Limited, the issue price to eligible employees was ₹ 479 after a discount of ₹ 52 per equity share
5. In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.
6. The 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.
7. Restricted to last 10 equity initial public issues.

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	17	556,556.04	-	-	4	4	4	2	-	-	-	3	-	-
2020-21	6	140,143.77	-	-	1	2	1	2	-	-	-	4	1	1
2019-20	4	136,362.82	-	1	-	-	1	2	-	-	1	-	1	2

Notes:

1. The information is as on the date of this Draft Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

**Nomura Financial Advisory and Securities (India) Private Limited**

1. *Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by Nomura*

Sr. No.	Issue name	Issue size (' millions)	Issue price(')	Listing date	Opening price on listing date (in `)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	MedPlus Health Services Limited	13,982.95	796 <sup>1</sup>	December 23, 2021	1,040.00	Not applicable	Not applicable	Not applicable
2	Shriram Properties Limited	6,000.00	118 <sup>2</sup>	December 20, 2021	90.00	Not applicable	Not applicable	Not applicable
3	RateGain Travel Technologies Limited	13,357.35	425 <sup>3</sup>	December 17, 2021	360.00	Not applicable	Not applicable	Not applicable
4	Fino Payments Bank	12,002.93	577	November 12, 2021	548.00	-30.56% [-3.27%]	Not applicable	Not applicable
5	Sansera Engineering	12,829.78	744	September 24, 2021	811.50	+0.35% [+1.47%]	+1.51% [-5.03%]	Not applicable
6	CarTrade Tech Limited	29,985.13	1,618	August 20, 2021	1,599.80	-10.31% [+5.75%]	-32.68% [+8.80%]	Not applicable
7	Sona BLW Precision Forgings Limited	55,500.00	291	June 24, 2021	301.00	+45.45% [+0.47%]	+94.54% [+11.22%]	+140.29% [+5.22%]
8	Nazara Technologies Limited	5,826.91	1,101 <sup>4</sup>	March 30, 2021	1,990.00	+62.57% [+0.13%]	+38.22% [+6.84%]	+96.19% [+20.26%]
9	Gland Pharma Limited	64,795.45	1,500	November 20, 2020	1,710.00	+48.43% [+7.01%]	+57.27% [+18.27%]	+104.17% [17.49%]
10	Computer Age Management Services Limited	22,421.05	1,230 <sup>5</sup>	October 1, 2020	1,518.00	+5.43% [+2.37%]	+49.52% [+23.04%]	+43.80% [+26.65%]

Source: [www.nseindia.com](http://www.nseindia.com)

1. Discount of INR78.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
2. Discount of INR11.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
3. Discount of INR40.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
4. Discount of INR110.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
5. Discount of INR122.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion

Notes:

- a. Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index

- b. Price on NSE is considered for all of the above calculations except for Computer Age Management Services Limited.  
c. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.  
d. Not applicable – Period not completed

2. *Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by Nomura*

Financial Year	Total no. of IPOs	Total funds raised (` in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022	7	143,658.14	-	1	1	-	1	1	-	-	-	1	-	-
2020-2021	4	100,063.57	-	-	-	2	1	1	-	-	-	3	1	-
2019-2020	2	107,997.88	-	1	-	-	-	1	-	-	-	1	-	1

Source: [www.nseindia.com](http://www.nseindia.com)

Notes:

- a) The information is as on the date of this document.  
b) The information for each of the financial years is based on issues listed during such financial year.

### Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular (CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as provided in the table below:

S. No.	Name of the Book Running Lead Manager	Website
1.	ICICI Securities Limited	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
2.	Kotak Mahindra Capital Company Limited	<a href="http://www.investmentbank.kotak.com">www.investmentbank.kotak.com</a>
3.	Nomura Financial Advisory and Securities (India) Private Limited	<a href="http://www.nomuraholdings.com/company/group/asia/india/index.html">www.nomuraholdings.com/company/group/asia/india/index.html</a>

### Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

### Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders may contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Investors may also write to the BRLMs.

All Offer related grievances, other than those of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form, and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

All Offer related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares



applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

In terms of circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021 and any subsequent circulars, as applicable, issued by the SEBI, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months' of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs at the higher of ₹ 100 or 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for the stipulated period. In an event there is a delay in redressal of the investor grievance, the BRLMs shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated by the intermediary responsible for causing such delay in unblocking in accordance with applicable law. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

For grievance redressal contact details of the BRLMs pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021 issued by the SEBI, see "**Offer Procedure - General Instructions**" on page 740.

#### **Disposal of Investor Grievances by our Company**

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Gireddy Bhargavi Reddy, Company Secretary as the Compliance Officer, and he may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

#### **Gireddy Bhargavi Reddy**

#36/5, 2<sup>nd</sup> floor, Somasandra Palya

adjacent 27<sup>th</sup> Main Road, Sector 2

HSR Layout, Bengaluru 560 102

Karnataka, India

**Tel:** +91 8041609498

**E-mail:** investorrelations@capillarytech.com

Our Company has obtained authentication on the SCORES and shall comply with the SEBI circulars, in relation to redressal of investor grievances through SCORES.

Further, our Board has constituted a Stakeholders' Relationship Committee, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "**Our Management**" on page 223.

Our Company has not received any investor grievances during the three years preceding the date of this Draft Red Herring Prospectus and as on date, there are no investor complaints pending.

## SECTION VII – OFFER RELATED INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to the Offer will be subject to the provisions of the Companies Act 2013, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to offer for sale and listing and trading of securities, issued from time to time, by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

#### Ranking of the Equity Shares

The Equity Shares being offered and Allotted pursuant to the Offer will be subject to the provisions of the Companies Act 2013, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of transfer in accordance with applicable law. See “**Main Provisions of the Articles of Association**” on page 749.

#### Mode of payment of dividend

Our Company will pay dividend, if declared, to the Shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment in this Offer will be payable to the Allottees, for the entire year, in accordance with applicable law. See “**Dividend Policy**” and “**Main Provisions of the Articles of Association**” on pages 246 and 749, respectively.

#### Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 2. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●]. The Offer Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and shall be published at least two Working Days prior to the Bid/Offer Opening Date, in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada also being the regional language of Karnataka, where our Registered and Corporate Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid cum Application Forms available at the website of the Stock Exchanges.

#### Rights of the Equity Shareholders

Subject to applicable law and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and

- Such other rights as may be available to a shareholder of a listed public company under the Companies Act 2013, the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “*Main Provisions of the Articles of Association*” on page 749.

### **Allotment only in dematerialized form**

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form.

### **Market Lot and Trading Lot**

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see “*Offer Procedure*” on page 731.

### **Joint holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

### **Nomination facility**

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder’s death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form, available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

### **Bid/ Offer Programme**

<b>BID/ OFFER OPENS ON</b>	[●] <sup>(1)</sup>
<b>BID/ OFFER CLOSING ON</b>	[●] <sup>(2)</sup>

- (1) *Our Company and the Promoter Selling Shareholder in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations*
- (2) *Our Company and the Promoter Selling Shareholder in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

\* In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated by the intermediary responsible for causing such delay in unblocking in accordance with applicable law. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

The aforesaid timetable, is indicative in nature and does not constitute any obligation or liability on our Company or the Selling Shareholder or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI, the timetable may be subject to change for various reasons, including extension of Bid/Offer Period by our Company and the Selling Shareholder, due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law. The Selling Shareholder confirms that it shall extend reasonable support and co-operation required by our Company and the BRLMs, to the extent of the Selling Shareholder's portion of the Offered Shares, to facilitate the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and revision in Bids	Only between 10:00 a.m. IST and 5:00 p.m. IST
<b>Bid/Offer Closing Date*</b>	
Submission and revision in Bids	Only between 10:00 a.m. IST and 3:00 p.m. IST

*Our Company and the Selling Shareholder, in consultation with the BRLMs, may decide to close the Bid/ Offer Closing Period for QIBs one Working Day prior to the Bid/ Offer Closing Date, in accordance with the SEBI ICDR Regulations.*

*\* UPI mandate end time and date shall be at 12.00pm on [●]*

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4:00 p.m. IST in case of Bids by QIBs and Non-Institutional Investors, and
- (ii) until 5:00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIIs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by RIIs after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on daily basis within 60 minutes of the Bid closure time from the Bid/Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day.

Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that if a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected. Our Company, Selling Shareholder and the members of Syndicate will not be responsible for any failure in (i) uploading Bids due to faults in any hardware/software system or otherwise; (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism. Bids will be accepted only on Working Days. Investors may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days.**

**Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a public notice and by indicating the change on the websites of the BRLMs and terminals of the Syndicate Members and will also be intimated to the Designated Intermediaries and the Sponsor Bank. However, in case of revision in the Price Band, the Bid Lot shall remain the same.**

In case of discrepancy in data entered in the electronic book *vis-à-vis* data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

### **Minimum subscription**

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to withdrawal of Bids or technical rejections or any other reason; or in case of devolvement of Underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/Offer Closing Date or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days, as applicable, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum.

In the event of achieving aforesaid minimum subscription, however, there is under-subscription in achieving the total Offer size, the Equity Shares will be Allotted in the following order:

- (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;
- (ii) upon (i), all the Equity Shares held by the Selling Shareholder and offered for sale in the Offer for Sale will be Allotted; and
- (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company and the Selling Shareholder shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

### **Arrangement for disposal of odd lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

### **Restriction on Transfer of Shares and Transmission of Equity Shares**

Except for lock-in of the pre- Offer capital of our Company, the minimum Promoter's Contribution and the Anchor Investor lock-in in the Offer as detailed in "*Capital Structure*" on page 88, and except as provided in the Articles of Association as detailed in "*Main Provisions of the Articles of Association*" on page 749, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/splitting.

### **Withdrawal of the Offer**

Our Company and the Promoter Selling Shareholder in consultation with the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Escrow Collection Banks to process refunds to the Anchor Investors within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

If our Company and the Promoter Selling Shareholder in consultation with the BRLMs, withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

## OFFER STRUCTURE

Offer of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 8,500.00 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,000.00 million by our Company and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 6,500.00 million by the Selling Shareholder.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue will be reduced to the extent of such Pre-IPO Placement, subject to the Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for Allotment/allocation <sup>(2)</sup>	Not less than [●] Equity Shares	Not more than [●] Equity Shares or Offer less allocation to QIBs and Retail Individual Investors	Not more than [●] Equity Shares or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer Size available for Allotment or allocation	Not less than 75% of the Offer size shall be available for allocation to QIBs. 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Category (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Investors will be available for allocation	Not more than 10% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors will be available for allocation
Basis of Allotment if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate, subject to minimum Bid lot. Allotment to each Retail Individual Investor shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares shall be allocated on a proportionate basis. See “Offer Procedure” on page 731
Mode of Bidding	Through ASBA process only (except Anchor Investors)		
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer size, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer size (excluding the QIB Category), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
Who can Apply <sup>(3)</sup>	Public financial institutions specified in Section 2(72) of the Companies Act 2013, FPIs registered with SEBI (other than individuals, corporate bodies and family offices), scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with the SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, NBFC-SI, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts and any individuals, corporate bodies and family offices which are re-categorised as category II FPI (as defined in the SEBI FPI Regulations) and registered with SEBI	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(5)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders, or by the Sponsor Bank through the UPI Mechanism (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form</p>		

<sup>^</sup>Assuming full subscription in the Offer.

<sup>(1)</sup> Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors at the price at the Anchor Investor Allocation Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the Anchor Investor Allocation Price.

<sup>(2)</sup> This Offer is being made in accordance with Rule 19(2)(b) of the SCRR, through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not more than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price and in accordance with applicable laws. Under-subscription, if any, in the QIB Category (excluding the Anchor Investor Portion) will not be allowed to be met with spill-over from other categories or a combination of categories.

<sup>(3)</sup> If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

<sup>(4)</sup> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.



Bids by FPIs with certain structures as described under “***Offer Procedure - Bids by FPIs***” on page 736 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Promoter Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “***Terms of the Offer***” on page 723.

## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by the SEBI and the UPI Circulars (the “**General Information Document**”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. For details of filing of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, see “**General Information – Filing of the Offer Documents**” on page 80.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“**CAN**”) and Allotment in the Offer; (vi) price discovery and allocation; (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of Companies Act 2013 relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 (“**UPI Circular**”) has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“**UPI Phase I**”), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”) with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 issued by the SEBI. Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II had been extended until March 31, 2020. However, due to the outbreak of COVID-2019 pandemic, UPI Phase II has been further extended by SEBI until further notice, by its circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020. Thereafter, the final reduced timeline of T+3 days may be made effective using the UPI Mechanism for applications by Retail Individual Investors (“**UPI Phase III**”), as may be prescribed by SEBI. Accordingly, the Offer will be made under UPI Phase II, unless UPI Phase III becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III, the same will be advertised in [●] editions of the English national daily newspaper, [●], [●] editions of the Hindi national daily newspaper, [●] and [●] editions of the Kannada daily newspaper, [●] (Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located) on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites. Further, SEBI vide its circular (SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021, as amended by circular (SEBI/HO/CFD/DIL2/P/CIR/2021/570) dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Draft Red Herring Prospectus.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI circular. no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Our Company, the Selling Shareholder and the member of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law, which may occur after the date of this Draft Red Herring Prospectus.

*Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.*

*Further, our Company, the Selling Shareholder and the members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.*

### **Book Building Process**

The Offer is being made through the Book Building Process in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category (other than Anchor Investor Portion). Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange, subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Category (excluding the Anchor Investor Portion), will not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, and UPI ID (for Retail Individual Investors Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.**

### **Phased implementation of UPI Mechanism**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended

the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law.

The processing fees for applications made by RIBs using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and Retail Individual Investors Bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Form that does not contain such detail are liable to be rejected.

Retail Individual Investors Bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the ASBA Form. ASBA Forms for such Retail Individual Investors, that do not contain the UPI ID are liable to be rejected. Retail Individual Investors Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid cum Application Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. RIIs using UPI Mechanism, shall submit their ASBA Forms with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIIs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein.

The prescribed colours of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form <sup>(1)</sup>
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis <sup>(2)</sup>	White
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions <sup>(2)</sup>	Blue
Anchor Investors <sup>(3)</sup>	White

<sup>(1)</sup> Excluding electronic Bid cum Application Forms

<sup>(2)</sup> Electronic Bid cum Application forms will also be available for download on the website of NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com))

<sup>(3)</sup> Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms (except ASBA Forms submitted by Retail Individual Investors Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from an RII who is not Bidding using the UPI Mechanism.

Stock Exchanges shall validate the electronic bids with the records of the depository for DP ID/Client ID and PAN, on a real time basis through API integration and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID (but not both), bank code and location code in the Bid details already uploaded. For RIIs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIIs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three-way reconciliation with Banks UPI switch data, CBS data and UPI raw data.

### **Electronic registration of Bids**

- (a) The Designated Intermediaries may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for offline electronic registration of Bids, subject to the condition that they may subsequently upload the offline data file into the online facilities for Book Building on a regular basis before the closure of the Offer.

- (b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

**Participation by Promoter, BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to Promoter, BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their respective underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLM or its respective associates can apply in the Offer under the Anchor Investor Portion. For details, see “- *Bids by Anchor Investors*” on page 739. An Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Further, the Promoter shall not participate by applying for Equity Shares in the Offer, except in accordance with applicable law. Furthermore, persons related to the Promoter shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders’ agreement or voting agreement entered into with any of the Promoter of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoter of our Company.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

**Bids by Eligible NRIs**

Eligible NRIs may obtain copies of ASBA Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid amount, at the time of submission of the ASBA Form.

In accordance with the FEMA rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation of Eligible NRI(s) in the Offer shall be subjected to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

For details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 748.

### **Bids by HUFs**

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

### **Bids by FPIs**

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

In terms of the FEMA Rules and Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2019 (“**SEBI FPI Regulations**”), investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% or common control) shall be below 10% of our post-Offer equity share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (i.e. 100% under the automatic route in our case). The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for Offer procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as category I FPIs;

- (b) such offshore derivative instruments are issued only to persons eligible for registration as category I FPIs;
- (c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that any transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Further, Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected. Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids: (i) FPIs which utilise the MIM Structure, indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as category I FPIs; and (vii) Entities registered as collective investment scheme having multiple share classes.

#### **Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, the venture capital funds which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended prescribe the investment restrictions on FVCIs.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations).

All Non-Resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company and the Book running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.



Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason therefor, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate equity investments in subsidiaries and other entities engaged in financial and non-financial services, including overseas investments, cannot exceed 20% of the bank's paid-up share capital and reserves. However, a banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank's interest on loans/investments made to a company.

#### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circular (CIR/CFD/DIL/12/2012) dated September 13, 2012 and circular (CIR/CFD/DIL/1/2013) dated January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDA Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Selling Shareholder in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and Selling Shareholder, in consultation with the BRLMs, may deem fit.

### **Bids by Anchor Investors**

- (a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100.00 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00 million.
- (c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.
- (e) Our Company and the Selling Shareholder, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100.00 million; minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.
- (f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs

or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) , nor any “person related to Promoter or Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids. The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

#### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid, without assigning any reason therefor.

**The above information is given for the benefit of the Bidders. Our Company, Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulations and as specified in the Red Herring Prospectus, when filed.**

**In accordance with RBI regulations, OCBs cannot participate in the Offer.**

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka where our Registered and Corporate Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date, if any. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

#### **Allotment Advertisement**

Our Company, the BRLMs and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in [●] editions of English national daily newspaper, [●] [●] editions of Hindi national daily newspaper, [●], and [●] editions of Kannada daily newspaper, [●], Kannada being the regional language of Karnataka, where our Registered and Corporate Office is located.

#### **Signing of Underwriting Agreement and filing of Prospectus with the RoC**

Our Company and the Selling Shareholder intend to enter into an underwriting agreement with the Underwriters on or immediately after the determination of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

#### **General Instructions**

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

**Do's:**

1. Ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;
2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
3. Ensure that you have Bid within the Price Band;
4. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form (with a maximum length of 45 characters) and such ASBA account belongs to you and no one else. Further, Retail Individual Investors using the UPI Mechanism must also mention their UPI ID and shall use only his/her own bank account which is linked to his/her UPI ID;
5. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
6. Retail Individual Investors Bidding using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. Retail Individual Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
7. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
8. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;
9. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Investors using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
10. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
11. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be). Bidders (except Retail Individual Investors Bidding using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form. Retail Individual Investors Bidding using the UPI Mechanism should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Bid cum Application Form;
12. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
13. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
14. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;

15. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
16. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
17. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of circular (MRD/DoP/Cir-20/2008) dated June 30, 2008 issued by the SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of circular (MRD/DoP/Cir-09/06) dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
18. Ensure that the Demographic Details are updated, true and correct in all respects;
19. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
20. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
21. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents, including a copy of the power of attorney, are submitted;
22. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
23. Bidders (except Retail Individual Investors Bidding using the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. Retail Individual Investors Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment, in a timely manner;
24. Note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilize the MIM Structure and such Bids such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;
25. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and Retail Individual Investors) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in));
26. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
27. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using

his/her UPI PIN, the Retail Individual Investor may be deemed to have verified the attachment containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the ASBA Form in his/her ASBA Account;

28. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the ASBA Form;
29. Retail Individual Investors Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in their account and subsequent debit of funds in case of allotment in a timely manner;
30. Bids by Eligible NRIs, HUFs and FPIs other than individuals, corporate bodies and family offices, for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer;
31. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs; and
32. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned on the website of the SEBI, is liable to be rejected.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form, as the case may be after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by StockInvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Anchor Investors should not Bid through the ASBA process;
7. If you are an RII and are using the UPI Mechanism, do not submit more than one Form from each UPI ID;
8. Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
9. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
12. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;
14. Do not Bid for Equity Shares in excess in excess of what is specified for each category;

15. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Investors;
16. Do not submit the General Index Register number instead of the PAN;
17. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
18. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Investors Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
20. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
21. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Investors using the UPI Mechanism;
22. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
23. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
24. Do not submit more than one Bid cum Application Form per ASBA Account;
25. Do not submit a Bid using UPI ID, if you are not a Retail Individual Investor;
26. Do not submit an ASBA Form with third party linked UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism); and
27. Do not submit ASBA Forms to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)).

Further, helpline details of the Book Running Lead Managers pursuant to the circular (SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021 issued by the SEBI are set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Helpline (email)	Telephone
1.	ICICI Securities Limited	<a href="mailto:capillary.ipo@icicisecurities.com">capillary.ipo@icicisecurities.com</a>	(+ 91 22) 2288 2460
2.	Kotak Mahindra Capital Company Limited	<a href="mailto:capillary.ipo@kotak.com">capillary.ipo@kotak.com</a>	(+ 91 22) 4336 0000
3.	Nomura Financial Advisory and Securities (India) Private Limited	<a href="mailto:capillary.ipo@nomura.com">capillary.ipo@nomura.com</a>	(+ 91 22) 4037 4037

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

Further, in case of any pre-Offer or post-Offer related issues regarding share certificates/demat credit/refund orders/unblocking, etc., investors shall reach out to our Company Secretary and Compliance Officer. See “*General Information – Company Secretary and Compliance Officer*” on page 80.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any Allotment in excess of the Equity Shares offered through the Offer through the Offer document except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the Offer to public may be made for the purpose of making Allotment in minimum lots.

The Allotment of Equity Shares to Bidders other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities Allotted shall be rounded off to the nearest integer, subject to minimum Allotment being equal to the minimum application size as determined and disclosed.

The Allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum Bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

### **Payment into Escrow Account for Anchor Investors**

Our Company and the Selling Shareholder, in consultation with the BRLMs in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (i) in case of resident Anchor Investors: “[●]”; and
- (ii) in case of non-resident Anchor Investors: “[●]”.

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections of Bid Amounts from Anchor Investors.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- agreement dated August 5, 2021 among NSDL, our Company and Registrar to the Offer; and
- agreement dated September 1, 2021 among CDSL, our Company and Registrar to the Offer.

### **Undertakings by our Company**

Our Company undertakes the following:

- (i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- (ii) if Allotment is not made within the prescribed time under applicable law, application monies will be refunded/unblocked in the ASBA Accounts within four days from the Bid/Offer Closing Date or such other time as may be specified by SEBI, failing which our Company shall pay interest prescribed under the Companies Act 2013 and the SEBI ICDR Regulations for the delayed period;
- (iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other timeline as may be prescribed by SEBI;
- (iv) that funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;



- (v) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (vi) that, except for (i) the Pre-IPO Placement; and (ii) any allotment of Equity Shares to employees of our Company pursuant to exercise of stock options granted under ESOP 2021, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;
- (vii) that if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (viii) that if our Company withdraws the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company subsequently decides to proceed with the Offer;
- (ix) that the Allotment Advice/refund confirmation to Eligible NRIs shall be dispatched within specified time;
- (x) that adequate arrangements shall be made to collect all Bid cum Application Forms; and
- (xi) that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

#### **Undertakings by the Selling Shareholder**

The Selling Shareholder undertakes and/or confirms in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares, that:

- (i) the Selling Shareholder is the legal and beneficial owner of and has full title to their respective Equity Shares being offered through the Offer for Sale;
- (ii) the Offered Shares are free and clear of encumbrances, any defect to good, valid, and marketable title, and shall be transferred pursuant to the Offer, free and clear of any encumbrances;
- (iii) the Selling Shareholder shall deposit the Equity Shares offered for sale by it in the Offer in an escrow demat account in accordance with the Share Escrow Agreement;
- (iv) the Selling Shareholder shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- (v) the Selling Shareholder will take all such steps as may be required to ensure that the Equity Shares being sold by them in the Offer for Sale are available for transfer in the Offer for Sale; and
- (vi) the Selling Shareholder will provide assistance to our Company, as may be reasonably required and necessary in accordance with applicable laws, for the completion of the necessary formalities in relation to the Equity Shares being offered by it under the Offer for Sale.

The Selling Shareholder has authorized our Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

#### **Utilisation of Offer Proceeds**

Our Board certifies that:

- (i) all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act 2013;

- (ii) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (iii) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

## RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The responsibility of granting approval for foreign investment under the Consolidated FDI Policy (defined herein below) and FEMA has been entrusted to the concerned ministries/departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India (“**DPIIT**”) issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the “**Consolidated FDI Policy**”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The transfer of shares between an Indian resident and a Non-Resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

All investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*”, on pages 735 and 736 respectively.

As per the existing policy of the Government of India, OCBs cannot participate in the Offer.

For further details, see “*Offer Procedure*” on page 731.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

## SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the same meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.*

### **Applicability of Table F**

Subject to the provisions of the Articles and in so far as the Articles do not modify or exclude them, the regulations contained in Table 'F' of Schedule I of the Companies Act, 2013 shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in the Articles or modification thereof or are not expressly or by implication excluded from the Articles.

### **Public Company**

Article 2 provides that, "The Company is a public company within the meaning of the Act."

### **Share capital and variation of rights**

Article 3 provides that, "The authorized Share Capital of the Company shall be as set out in Clause V of the Memorandum of Association with the power to increase or reduce such capital from time to time in accordance with the Articles and the legislative provisions for the time being in force in this regard and with the power also to divide the Shares in the Share Capital for the time being into Equity Share Capital and Preference Share Capital, and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles."

Article 6 provides that, "Subject to the provisions of Section 61 of the Act, the Company may from time to time by Ordinary Resolution, undertake any of the following:

- i. consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
- ii. convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
- iii. sub-divide its Shares, or any of them, into Shares of smaller amount, such that the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or
- iv. cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person, and diminish the amount of its Share Capital by the amount of Shares so cancelled. A cancellation of Shares pursuant to this Article shall not be deemed to be a reduction of the Share Capital within the meaning of the Act."

Article 7 provides that, "Subject to the provisions of these Articles, the Act, other applicable Law and subject to such other approvals, permissions or sanctions as may be necessary, the Company may issue any Shares with or without differential rights upon such terms and conditions and with such rights and privileges (including with regard to voting rights and dividend) as may be permitted by the Act or the applicable Law or guidelines issued by the statutory authorities and/ or listing requirements and that the provisions of these Articles."

Article 8 provides that, "Subject to the provisions of Section 55 of the Act, any preference Shares may, with the sanction of a Special Resolution, be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, by Special Resolution determine."

Article 10 provides that, "Where at any time, it is proposed to increase its subscribed Share Capital by the issuance/ allotment of further Shares either out of the unissued Share Capital or increased Share Capital then, such further Shares may be offered to:

- (i) Persons who, at the date of offer, are holders of equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares by sending a letter of offer subject to the following conditions: (a) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than 15 (fifteen) days, or such lesser number of days as may be prescribed

under the Act, and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; (b) the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person and the notice referred to in (a) shall contain a statement of this right, *provided that* the Board may decline, without assigning any reason therefore, to allot any Shares to any Person in whose favour any Member may renounce the Shares offered to him; and (c) after expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Members and the Company;

Nothing in sub-Article (i) (b) above shall be deemed to extend the time within which the offer should be accepted; or to authorize any Person to exercise the right of renunciation for a second time on the ground that the Person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation. The notice referred to in sub-Article (i)(a) above shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least 3 (three) days before the opening of the offer.

- i. employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to such conditions as may be prescribed under the Act and other applicable Laws; or
- ii. any Persons, whether or not those Persons include the Persons referred to in (i) or (ii) above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer, subject to compliance with the applicable provisions of Chapter III of the Act and any other conditions as may be prescribed, if a Special Resolution to this effect is passed by the Company in a General Meeting."

Article 14 provides that, "Any Debentures, debenture-stock or other Securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of Shares shall not be issued except with the sanction of the Company in General Meeting by a Special Resolution and subject to the provisions of the Act."

Article 17 provides that, "The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith."

Article 18 provides that, "Subject to the provisions of the Act, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account, in any manner as the Board may deem fit."

Article 19 provides that, "Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and Members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable Laws."

Article 20 provides that, "Subject to the provisions of the Act, the Company may, from time to time, by Special Resolution reduce in any manner and with, and subject to, any incident authorised and consent required under applicable Law:

- i. the Share Capital;
- ii. any capital redemption reserve account; or
- iii. any securities premium account."

### **Capitalization of Profits**

Article 21 provides that, "The Company in General Meeting may, upon the recommendation of the Board, resolve

- i. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account or otherwise available for distribution; and
- ii. that such sum be accordingly set free for distribution in the manner specified in Article 22 below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions."

Article 22 provides that, "The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provision contained in Article 24 below, either in or towards:

- i. paying of any amounts for the time being unpaid on any Shares held by such Members respectively; or
- ii. paying up in full, un-issued Shares of the company to be allotted and distributed, credited as fully paid, to and amongst such Members in the proportions aforesaid; or
- iii. partly in the way specified in Article 22i and partly in that specified in Article 22ii above.
- iv. A securities premium account and a capital redemption reserve account may, for the purposes of this Article, only be applied in the paying up of un-issued Shares to be issued to Members of the Company as fully paid bonus Shares.
- v. The Board shall give effect to the resolution passed by the Company in pursuance of this Article."

Article 23 provides that, "Whenever such a resolution as specified in Article 22 above is passed, the Board shall:

- i. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares, if any; and
- ii. generally, do all acts and things required to give effect thereto."

Article 24 provides that, "The Board shall have power to:

- i. make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares or Debentures becoming distributable in fractions; and
- ii. authorise any Person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares."

Article 25 provides that, "Any agreement made under such authority shall be effective and binding on such Members."

### **Buy-back of Shares**

Article 26 provides that, "Subject to the provisions of Sections 68 to 70 and other applicable provisions of the Act or any other law for the time being in force, the Company shall have the power to buy-back its own Shares or other Securities, as it may consider necessary."

### **Commission and Brokerage**

Article 27 provides that, "The Company may exercise the powers of paying commissions conferred by Section 40(6) of the Act (as amended from time to time), *provided that* the rate per cent or amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder."

Article 28 provides that, "The rate or amount of the commission shall not exceed the rate or amount prescribed under the applicable rules made under Section 40(6) of the Act."

Article 29 provides that, "The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in the one way and partly in the other."

Article 30 provides that, “The Company may also, on any issue of Shares or Debentures, pay such brokerage as may be lawful.”

## **Lien**

Article 31 provides that, “The Company shall have a first and paramount lien upon all the Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) to the extent of monies called or payable in respect thereof, and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures. Fully paid up Shares shall be free from all liens. Unless otherwise agreed, the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company’s lien if any, on such Shares/ Debentures. In case of partly-paid Shares, Company’s lien shall be restricted to the monies called or payable at a fixed time in respect of such Shares. *Provided that* the Board may at any time declare any Shares/ Debentures wholly or in part to be exempt from the provisions of this Article. *Provided further that* the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.”

Articles 32 provides that, “Subject to the provisions of the Act, the Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien. *Provided that* no sale shall be made -

- i. unless a sum in respect of which the lien exists is presently payable; or
- ii. until the expiration of 14 (fourteen) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.”

Article 33 provides that, “A Member shall not exercise any voting rights in respect of the Shares in regard to which the Company has exercised the right of lien.”

Article 34 provides that, “To give effect to any such sale, the Board may authorise some Person to transfer the Shares sold to the purchaser thereof.

- i. The purchaser shall be registered as the holder of the Shares comprised in any such transfer.
- ii. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.”

Article 35 provides that “(a) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. (b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the Person entitled to the Shares at the date of the sale.”

## **Calls on Shares**

Article 36 provides that, “Subject to the provisions of the Act, the Board may, from time to time, make calls upon the Members in respect of any money unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

*Provided that* no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one month from the date fixed for the payment of the last preceding call.”

Article 37 provides that, “Each Member shall, subject to receiving at least 14 (fourteen) days’ notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.”

Article 40 provides that, “The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.”

Article 41 provides that, “If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereof from the day appointed for payment

thereof to the time of actual payment at 10% (ten per cent) per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.”

Article 42 provides that, “Any sum which by the terms of the issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue, such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.”

Article 43 provides that. “The Board may, if it thinks fit, subject to the provisions of the Section 50 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at twelve per cent per annum. *Provided that* money paid in advance of calls shall not confer a right to dividend or to participate in profits. The Board may at any time repay the amount so advanced.

The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to any calls on Debentures of the Company.”

### **Transfer of Shares**

Article 53 provides that, “The Securities or other interest of any Member shall be freely transferable, *provided that* any contract or arrangement between 2 (two) or more Persons in respect of transfer of Securities shall be enforceable as a contract. The instrument of transfer of any Share in the Company shall be duly executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of Members in respect thereof. A common form of transfer shall be used in case of transfer of Shares. The instrument of transfer shall be in writing and shall be executed by or on behalf of both the transferor and transferee and shall be in conformity with all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of Shares and the registration thereof.”

Article 57 provides that, “Only fully paid Shares or Debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, Shares or Debentures be transferred to any insolvent or a person of unsound mind.”

Article 60 provides that, “The Board may decline to recognize any instrument of transfer unless—

- i. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Act;
- ii. the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- iii. the instrument of transfer is in respect of only one class of Shares.”

Article 61 provides that, “No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.”

Article 62 provides that, “The Company may close the register of Members or the register of debenture-holders or the register of other security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time, subject to giving of previous notice of at least 7 (seven) days or such lesser period as may be specified by SEBI.”



## **Transmission of Shares**

Article 63 provides that, “On the death of a Member, the survivor or survivors where the Member was a joint holder of the Shares, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Person(s) recognised by the Company as having any title to his interest in the Shares. Nothing in this Article shall release the estate of the deceased joint holder from any liability in respect of any Share which had been jointly held by him with other Persons.”

Article 64 provides that, “Any Person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as the Board may from time to time require, and subject as hereinafter provided, elect, either:

- i. to be registered as holder of the Share; or
- ii. to make such transfer of the Share as the deceased or insolvent Member could have made.

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.”

Article 65 provides that, “The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.”

Article 69 provides that, “A Person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to the General Meetings of the Company, *provided that* the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.”

## **Forfeiture of Shares**

Article 70 provides that, “If a Member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.”

Article 71 provides that, “The notice issued under Article 70 shall:

- i. name a further day (not being earlier than the expiry of 14 (fourteen) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- ii. state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made will be liable to be forfeited.”

Article 72 provides that, “If the requirements of any such notice as aforesaid is not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.”

Article 73 provides that, “A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.”

Article 75 provides that, “A Person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by the Person to the Company in respect of the Shares.”

## Shares and Share Certificates

Article 83 provides that, “A Person subscribing to Shares of the Company shall have the option either to receive certificates for such Shares or hold the Shares with a Depository in electronic form. Where the Person opts to hold any Share with the Depository, the Company shall intimate such Depository of details of allotment of the Shares to enable the Depository to enter in its records the name of such Person as the beneficial owner of such Shares.”

Article 84 provides that, “Unless the Shares have been issued in dematerialized form, every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or sub-division or consolidation or renewal of any of its Shares as the case may be or within a period of six months from the date of allotment in the case of any allotment of Debenture or within such other period as the conditions of issue shall be provided –

- i. one certificate for all his Shares without payment of any charges; or
- ii. several certificates, each for one or more of his Shares, upon payment of 20 (twenty) rupees for each certificate after the first.”

Article 86 provides that, “If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members of the Company shall as regards voting at General Meetings, service of notice and all or any matters connected with the Company, except the transfer of Shares and any other matters herein otherwise provided, be deemed to be sole holder thereof but joint holders of the Shares shall be severally as well as jointly liable for the payment of all deposits, instalments and calls due in respect of such Shares and for all incidents thereof according to these Articles.”

Article 87 provides that, “The Board may subject to the provisions of the Act, accept from any member on such terms and conditions as they think fit, a surrender of his Shares or stock or any part thereof.”

Article 88 provides that, “If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued on payment of ₹ 20 for each certificate. *Provided that* no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is not further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares.

*Provided that* notwithstanding what is stated above, the Directors shall comply with such rules or regulations and requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other act or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to issue of certificates for any other Securities, including Debentures, of the Company.”

## Shareholders Meetings

Section 92 provides that, “An Annual General Meeting shall be held each year within the period specified by the Law. Not more than 15 (fifteen) months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96 of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called during business hours on a day that is not a national holiday (declared as such by the Central Government), and shall be held either at the registered office or at some other place within the city in which the registered office of the Company is situate, as the Board may determine. Every Member of the Company shall be entitled to attend every General Meeting either in person or by proxy.”

Section 97 provides that,

- i. “The Board may, whenever it thinks fit, call an extraordinary General Meeting.

- ii. If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two Members of the Company may call an extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
- iii. The Board shall on the requisition of such number of Member or Members of the Company as is specified in Section 100 of the Act, forthwith proceed to call an extra-ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all other provisions of Section 100 of the Act shall for the time being apply.
- iv. A General Meeting of the Company may be convened by giving not less than clear 21 (twenty-one) days' notice either in writing or through electronic mode in such manner as prescribed under the Act, *provided that* a General Meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by majority in number of members entitled to vote and who represent not less than 95% (ninety-five percent) of such part of the paid-up Share Capital of the Company as gives a right to vote at such General Meeting.
- v. Notice of every General Meeting shall be given to the Members and to such other Person or Persons as required by and in accordance with Section 101 and 102 of the Act and it shall be served in the manner authorized by Section 20 of the Act.
- vi. A General Meeting may be called after giving shorter notice if consent, in writing or by electronic mode, is accorded thereto in accordance to the provisions of Section 101 of the Act. *Provided that* where any Member of the Company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those Members shall be taken into account for the purposes of this Article in respect of the former resolution or resolutions and not in respect of the latter.
- vii. Any accidental omission to give notice to, or the non-receipt of such notice by, any Member or other Person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.
- viii. Subject to the provisions contained under Section 115 of the Act, where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the Company by such number of Members holding not less than one per cent of total voting power or holding Shares on which such aggregate sum not exceeding five lakh rupees, has been paid-up and the Company shall immediately after receipt of the notice, give its members notice of the resolution at least 7 (seven) days before the meeting, exclusive of the day of dispatch of notice and day of the meeting, in the same manner as it gives notice of any General Meetings."

### **Proceedings at Shareholders' Meetings**

Article 98 provides that, "No business shall be transacted at any General Meeting, unless a quorum of Members is present at the time when the meeting proceeds to transact business."

Article 100 provides that, "In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of Section 103 of the Act, the General Meeting shall stand adjourned to the same place and time 7 (seven) days later or to such other date and such other time and place as the Board may determine, *provided that* the agenda for such adjourned General Meeting shall remain the same. The said General Meeting if called by requisitionists under Section 100 of the Act shall stand cancelled."

Article 109 provides that, "The Chairperson of the Board of Directors or in his absence the vice-Chairperson of the Board shall, preside as chairperson at every General Meeting, annual or extraordinary."

Article 110 provides that, "If there is no such Chairperson or if he is not present within 15 (fifteen) minutes after the time appointed for holding the General Meeting or is unwilling to act as the Chairperson of the General Meeting, the Directors present shall elect one of their members to be the Chairperson of the General Meeting."

### **Voting Rights**

Article 116 provides that, "Subject to any rights or restrictions for the time being attached to any class or classes of Shares:

- i. on a show of hands, every Member present in Person shall have 1 (one) vote; and

ii. on a poll, the voting rights of Members shall be in proportion to their Share in the paid-up Share Capital.”

Article 118 provides that, “At any General Meeting, a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the voting on any resolution on show of hands) demanded by any Member or Members present in Person or by proxy, and having not less than one-tenth of the total voting power or holding Shares on which an aggregate sum of not less than ₹ 0.5 million(Rupees five lakh) or such higher amount as may be prescribed has been paid up.”

Article 119 provides that, “Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.”

Article 121 provides that, “In case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names are stated in the register of Members of the Company.”

Article 122 provides that, “A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.”

Article 123 provides that, “No Member shall be entitled to exercise any voting rights either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his/ her name on which any calls or other sums presently payable by him in respect of Shares in the Company have not been paid.”

Article 126 provides that, “Any poll duly demanded on the question of adjournment shall be taken forthwith. A poll demanded on any other question (not being a question relating to the election of a Chairperson or adjournment of the meeting) shall be taken at such time not exceeding 48 (forty-eight) hours from the time when the demand was made, as the Chairperson may direct.”

Article 135 provides that, “On a poll taken at meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.”

### **Proxy**

Article 138 provides that, “Subject to the provisions of the Act and these Articles, any Member of the Company entitled to attend and vote at a General Meeting of the Company shall be entitled to appoint a proxy to attend and vote instead of himself and the proxy so appointed shall have no right to speak at the meeting.”

Article 139 provides that, “The proxy shall not be entitled to vote except on a poll.”

Article 140 provides that, “The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office not less than 48 (forty-eight) hours before the time for holding the meeting or adjourned meeting at which the Person named in the instrument proposes to vote; or in the case of a poll, not less than 24 (twenty-four) hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.”

Article 142 provides that, “A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given; *provided that* no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or the adjourned meeting at which the proxy is used.”

### **Board of Directors**

Article 143 provides that, “The business of the Company shall be managed by the Directors who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not restricted by the Act or by these Articles. The Board may pay all expenses incurred in getting up and registering the Company.”

Article 145 provides that, Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen), of whom:

- a. Capillary Technologies International Pte. Ltd. (“the **Promoter**”) shall nominate appointment of Directors in the following manner (“**Promoter Nominee Directors**”):
  - i. at least 2 (two) Directors, so long as the Promoter holds at least 20.00% (twenty per cent) of the total issued and paid-up equity share capital of the Company on a fully diluted basis;
  - ii. at least 1 (one) Director, so long as the Promoter holds less than 20.00% (twenty per cent) but more than or equal to 5% (five per cent) of the total issued and paid-up equity share capital of the Company on a fully diluted basis and continues to be the Promoter of the Company.
- b. the Founder, being Aneesh Reddy Boddu, shall have a right to nominate appointment of one Director (“**Founder Director**”) so long as he holds at least 3.00% (three per cent) of the total issued and paid-up equity share capital of the Company directly or indirectly and until he is employed and/or associated in any advisory capacity with the Company and/or its Subsidiaries, in senior executive capacities.

Provided that each such Promoter Nominee Director and Founder Director shall be liable to retire by rotation in accordance with Applicable Law, subject to reappointment, any such retirement without prejudice to the right of the Promoter or the Founder to nominate the Promoter Nominee Directors or the Founder Director as the case may be, for so long as they hold the abovementioned thresholds. Such Promoter Nominee Directors or the Founder Director shall be entitled to nominate alternate directors. Further, the abovementioned right of the Promoter to appoint Promoter Nominee Directors and the Founder to appoint the Founder Director shall be subject to the receipt of the shareholders’ approval by way of special resolution, in the first general meeting of the Company held after successful listing and trading pursuant to the completion of the initial public offering of the Company.

Provided further that the Company may appoint more than 15 (fifteen) directors after passing a Special Resolution. At least one Director shall reside in India for a total period of not less than 182 (one hundred and eighty-two) days in each financial year.

Article 147 provides that, “Subject to the provisions of the Act, each Director shall be paid sitting fees for each meeting of the Board or a Committee thereof attended by him, subject to the ceiling prescribed under the Act.”

Article 152 provides that, “The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act. Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing to the Company and the Board shall on receipt of such notice take note of the same and the Company shall intimate the Registrar and also place the fact of such resignation in the report of Directors laid in the immediately following General Meeting. Such Director may also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar within 30 (thirty) days of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.”

Article 157 provides that, “The Company, may by Ordinary Resolution, of which special notice has been given in accordance with the Section 169 of the Act, remove any Director including the managing director, if any, before the expiration of the period of his office. Notwithstanding anything contained in these Articles or in any agreement between the Company and such Director, such removal shall be without prejudice to any contract of service between him and the Company.”

Article 161 provides that, “In the event of the Company borrowing any money from any financial corporation or institution or government or any government body or a collaborator, bank, Person or Persons or from any other source, while any money remains due to them or any of them the lender concerned may have and may exercise the right and power to appoint, from time to time, any Person or Persons to be a Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act. Any Person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of Person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointee and served on the Company. Such Director need not hold any qualification Shares.”

## **Proceedings of the Board**

Article 170 provides that, “The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.”

Article 171 provides that, “A Director may, and the manager or the Secretary of the Company upon the requisition of a Director shall, at any time convene a meeting of the Board.”

Article 175 provides that, “If quorum is found to be not present within 30 (thirty) minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall be reconvened at the same time and at the same place 7 (seven) days later. At the reconvened meeting, the Directors present and not being less than 2 (two) Persons shall constitute the quorum and may transact the business for which the meeting was called and any resolution duly passed at such meeting shall be valid and binding on the Company.”

Article 179 provides that, “The Board may elect a Chairperson for its meetings and determine the period for which he is to hold office. The Board may likewise appoint a vice-chairman of the Board of Directors to preside over the meeting at which the Chairperson shall not be present. If at any meeting the Chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of their Member to be Chairperson of the meeting.”

Article 180 provides that, “The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such Member or Members of its body as it thinks fit.”

Article 182 provides that, “A committee may elect a Chairperson of its meetings and may also determine the period for which he is to hold office. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Members present may choose one of their Members to be Chairperson of the meeting.”

## **Powers of the Directors**

Article 188 provides that, “The Directors shall have powers for the engagement and dismissal of managers, engineers, clerks and assistants and shall have power of general directions, management and superintendence of the business of the Company with full power or do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company and to make and sign all such contracts, and other government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act or by these Articles are expressly directed to be exercised by the Members in the General Meeting.”

Article 191 provides that, “Subject to the provisions of the Act and these Articles, the Board shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do; *provided that* the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or any other statute or by the Memorandum of Association or by these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.”

## **Borrowing Powers**

Article 186 provides that, “Subject to the provisions of the Act, the Board may from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for and on behalf of the Company. Any such money may be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable Debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and Securities of the Company or by other means as the Board deems expedient.”

Article 195 provides that, “The Board of Directors shall not, except with the consent of the Company by way of a Special Resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceeds the aggregate of paid-up Share Capital, free reserves and securities premium of the Company.”

### **Dividend and Reserves**

Article 196 provides that, “The Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.”

Article 197 provides that, “Subject to the provisions of Section 123 of the Act, the Board may, from time to time, pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.”

Article 198 provides that, “The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at a like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, think fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.”

Article 202 provides that, “The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares.”

Article 209 provides that, “Where a dividend has been declared by the Company but has not been paid or claimed within 30 (thirty) days from the date of the declaration to any Shareholder entitled to the payment of the dividend, the Company shall, within 7 (seven) days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the ‘Unpaid Dividend Account’.”

Article 210 provides that, “Any money transferred to the ‘Unpaid Dividend Account’ of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company along with the interest accrued, if any, to the Fund known as Investor Education and Protection Fund established under section 125 of the Act. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law”

### **Inspection of Accounts**

Article 213 provides that,

- (i) “The Board shall cause proper books of account to be maintained under Section 128 and other applicable provisions of the Act.
- (ii) The Board shall, from time to time, in accordance with the Act, determine whether and to what extent and at what times and places and under what conditions or regulations all books of the Company or any of them, shall be open to the inspection of Members not being Directors.
- (iii) No Member (not being a Director) or other Person shall have any right of inspecting any account book or document of the Company except as conferred by Law or authorised by the Board or by the Company in General Meetings.
- (iv) Each Director shall be entitled to examine the books, accounts and records of the Company, and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company.”

### **Winding Up**

Article 218 provides that, “The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016, as amended.”

**General Authority**

Article 223 provides that, “Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, these Articles hereby authorize and empower the Company to have such rights, privilege or authority and to carry out such transaction as have been permitted by the Act, without there being any specific Article in that behalf herein provided.”

**Indemnity**

Article 224 provides that, “Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the National Company Law Tribunal.”



## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus filed with the Registrar of Companies, and also the documents for inspection referred to hereunder may be inspected at our Registered and Corporate Office, from 10.00 a.m. to 4.00 p.m. IST on all Working Days and will also be available at [www.capillarytech.com/investors](http://www.capillarytech.com/investors) from the date of the Red Herring Prospectus until the Bid/Offer Closing Date (except for such documents or agreements executed after the Bid/Offer Closing Date).

#### *Material Contracts to the Offer*

1. Offer agreement dated December 24, 2021, 2021 entered into among our Company, the Selling Shareholder and the BRLMs;
2. Registrar agreement dated December 23, 2021, 2021 entered into among our Company, the Selling Shareholder and the Registrar to the Offer;
3. Monitoring Agency agreement dated [●] entered into between our Company and the Monitoring Agency;
4. Cash escrow and sponsor bank agreement dated [●] entered into among our Company, the Selling Shareholder, the BRLMs, Banker(s) to the Offer and the Registrar to the Offer;
5. Share escrow agreement dated [●] entered into among the Selling Shareholder, our Company and the Share Escrow Agent;
6. Syndicate agreement dated [●] entered into among the members of the Syndicate, our Company, the Selling Shareholder and the Registrar to the Offer; and
7. Underwriting agreement dated [●] entered into among our Company, the Selling Shareholder and the members of the Syndicate.

#### *Material Documents*

1. Certified copies of our Memorandum of Association and Articles of Association;
2. Certificate of incorporation dated March 15, 2012, certificate of incorporation dated July 26, 2012 pursuant to change in name of our Company from “Kharagpur Technologies Private Limited” to “Capillary Technologies India Private Limited” and fresh certificate of incorporation dated November 23, 2021 issued consequent upon conversion into a public company;
3. Board resolution of our Company, dated November 20, 2021, authorizing the Offer and other related matters;
4. Shareholders’ resolution dated November 24, 2021 in relation to the Fresh Issue and other related matters;
5. Consent letter of the Selling Shareholder authorizing its portion of the Offer for Sale;
6. Resolution of our Board dated December 24, 2021 approving the DRHP;
7. Subscription agreement dated August 30, 2021, between our Company and CPL;
8. Business and loan transfer agreement dated November 1, 2021, along with the addendum dated December 21, 2021, entered into between Capillary Technologies International Pte. Ltd and Capillary Pte. Ltd;
9. Deed of gift dated November 22, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd;

10. Deed of gift dated November 30, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd;
11. Deed of gift dated November 30, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd;
12. Deed of gift dated November 30, 2021 entered into by Capillary Technologies International Pte. Ltd in favour of Capillary Pte. Ltd;
13. Deed of assignment dated November 20, 2021 entered into between our Promoter CTIPL and our Subsidiary CPL;
14. Acquisition agreement dated September 1, 2021, entered into between PLC, PHI, CPL, CTIPL & Ors.;
15. Employment agreement dated November 24, 2021 entered into with Aneesh Reddy Boddu;
16. Employment agreement dated November 24, 2021 entered into with Anant Choubey;
17. Examination report on the Restated Summary Statements of our Company dated December 23, 2021 and report on Proforma Financial Information dated December 23, 2021, each of S.R. Batliboi & Associates, LLP, Chartered Accountants, included in this Draft Red Herring Prospectus;
18. Written consent dated December 24, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 23, 2021 on our Restated Summary Statements and (ii) their report dated December 24, 2021 on the Statement of Special Tax Benefits in relation to our Company in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act of 1933, as amended.
19. Written consent dated December 24, 2021, from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their report dated December 23, 2021, on Proforma Financial Information in the DRHP.
20. Written consent dated December 24, 2021 from Manian and Rao, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to their certificates with respect to the Offer and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
21. Written consent dated December 24, 2021 from ECRA Pte. Ltd., to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible tax benefits for Capillary Pte. Ltd. dated December 24, 2021 included in the Offer Documents.
22. Written consent dated December 23, 2021 from Abdulaziz Panis and Shah Associates, Chartered Accountants L.L.C., to include their name as required under section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013, in respect of (i) the special purpose audited financial statements of Capillary Technologies DMCC as of the three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their report issued thereon; and (ii) their certificate dated December 20, 2021 on the statement of possible special tax benefits (direct and indirect) in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
23. Written consent dated December 24, 2021 from Adi Naroni, Registered Public Accountants, Chartered Accountants and Certified Public Accountants, and Kantor Akuntan Publik Tanuwijaya to include their names as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 and in respect of the special purpose audited financial statements of Capillary Indonesia as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019 and for the three months period ended June 30, 2021 and their report issued thereon, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

24. Written consent dated December 24, 2021 from NK Associates, Chartered Accountants to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 in respect of (i) the special purpose audited financial statements of Capillary Malaysia. as of the three months’ period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019 and their report issued thereon; and (ii) their certificate dated December 24, 2021 on the statement of possible special tax benefits (direct and indirect) available to Capillary Malaysia, in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
25. Written consent dated December 24, 2021 from Shanghai Perfect C.P.A. Partnership, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 with respect to (i) special purpose audited financial statements of Capillary Shanghai as of three months period ended June 30, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their report issued thereon and (ii) their certificate dated on the Statement of Special Tax Benefits dated December 24, 2021 in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
26. Written consent dated December 24, 2021, from MSKA & Associates, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in respect of special purpose audited financial statements of PLC as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, April 01, 2018 and as of the three months ended June 30, 2021, in Offer Documents and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
27. Written consent dated December 24, 2021, from MSKA & Associates, Chartered Accountants to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in respect of special purpose audited financial statements of PHI as of and for the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, April 01, 2018 and as of the three months ended June 30, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
28. Written consent dated December 24, 2021 from CliftonLarsonAllen LLP to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013, in relation to this statement of possible special tax benefits included in the Offer Documents in relation to their certificate dated December 24, 2021 on the Statement of Special Tax Benefits available to our Material Subsidiary, PLC, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
29. Consents of bankers to our Company, the BRLMs, Registrar to the Offer, lenders to our Company (where such consent is required), Zinnov, Banker(s) to the Offer, legal counsels, Directors and Company Secretary and Compliance Officer to act in their respective capacities;
30. Copies of the annual reports of our Company for the Fiscals 2021, 2020 and 2019;
31. ESOP 2021;
32. Statement of work dated August 25, 2021 entered into with Zinnov;
33. Industry report titled “*Customer Engagement Software Market*” dated December 23, 2021 from Zinnov;
34. In-principle listing approvals dated [●] and [●], from BSE and NSE, respectively;
35. Tripartite agreement dated August 5, 2021 among our Company, NSDL and Registrar to the Offer;
36. Tripartite agreement dated September 1, 2021, among our Company, CDSL and the Registrar to the Offer;
37. Due diligence certificate to SEBI from the BRLMs dated December 24, 2021;
38. Interim observation letter dated [●] issued by SEBI (Ref. No. [●]); and

39. Final observation letter dated [●] issued by SEBI (Ref. No. [●]).

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Neelam Dhawan**  
(Chairperson and Independent Director)  
**Date:** December 24, 2021  
**Place:** Gurgaon, Haryana

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Aneesh Reddy Boddu**

(Executive Director and Chief Executive Officer)

**Date:** December 24, 2021

**Place:** Bengaluru, Karnataka

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Anant Choubey**  
(Executive Director and Chief Operating Officer)  
**Date:** December 24, 2021  
**Place:** Bengaluru Karnataka

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Farid Lalji Kazani**

(Independent Director)

**Date:** December 24, 2021

**Place:** Mumbai, Maharashtra



## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Sameer Garde**

(Independent Director)

**Date:** December 24, 2021

**Place:** Bengaluru, Karnataka

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Venkat Ramana Tadanki**

(Independent Director)

**Date:** December 24, 2021

**Place:** Hyderabad, Telangana

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Yamini Preethi Natti**

(Independent Director)

**Date:** December 24, 2021

**Place:** Bengaluru, Karnataka

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with, and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules made, or regulations or guidelines issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Mahendra Chordia**

(Chief Financial Officer)

**Date:** December 24, 2021

**Place:** Bengaluru, Karnataka

**DECLARATION BY CAPILLARY TECHNOLOGIES INTERNATIONAL PTE. LTD. AS A SELLING SHAREHOLDER**

Capillary Technologies International Pte. Ltd. hereby confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself as a Selling Shareholder and the Equity Shares offered by it in the Offer for Sale, are true and correct. Capillary Technologies International Pte. Ltd. assumes no responsibility for any other statements, including, any of the statements made by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

**For and on behalf of CAPILLARY TECHNOLOGIES INTERNATIONAL PTE. LTD.**

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**Name:** Lim Fui Khim Loretta

**Designation:** Director

**Date:** December 24, 2021